



Welcome Bienvenue

Emerging Trends in Real Estate 2017

Emerging Trends in Real Estate 2017

A Canadian perspective
Nadia King

Ottawa

February 2017

Emerging Trends in Real Estate 2017

*“**Innovation** is by far our biggest issue. We strive not only to lead – but also to attempt to **remain far ahead** of the competition.”*

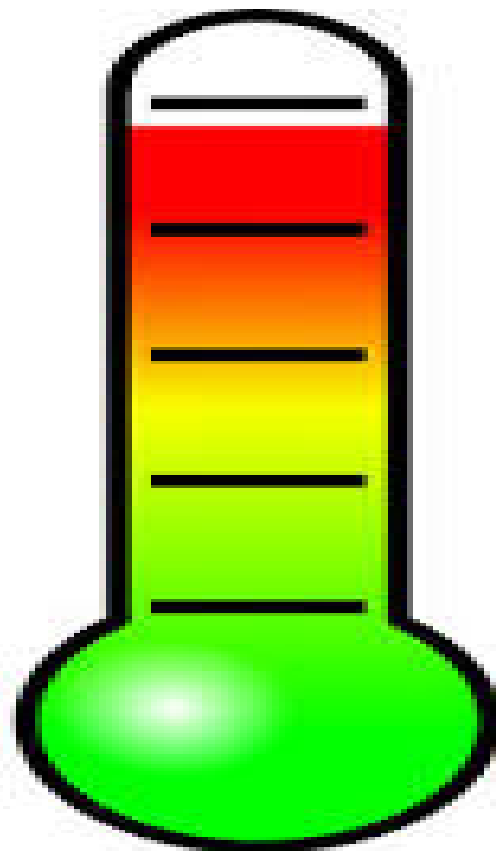
- ❑ Emerging Trends is the industry’s “**most predictive forecast**”
- ❑ 38th annual outlook - 10th anniversary for Canada outlook
- ❑ Based on over 500 interviews and 1,500 surveys of industry leaders - 115 and 246 in Canada respectively
- ❑ Sponsored jointly by PwC and the Urban Land Institute



**Emerging Trends
in Real Estate®**

Canada and the United States 2017

Market Sentiment

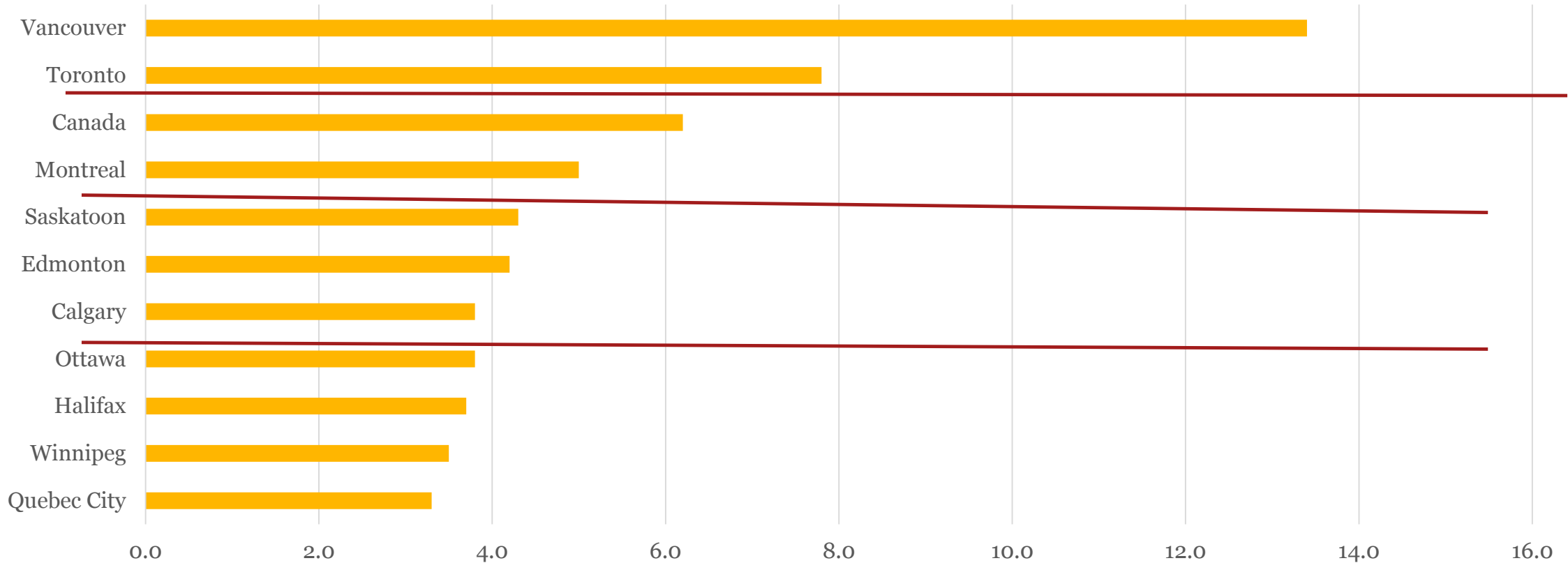


Emerging Trends: Reflect market sentiment



Affordability on the decline

2016 Forecast price-to-income ratio

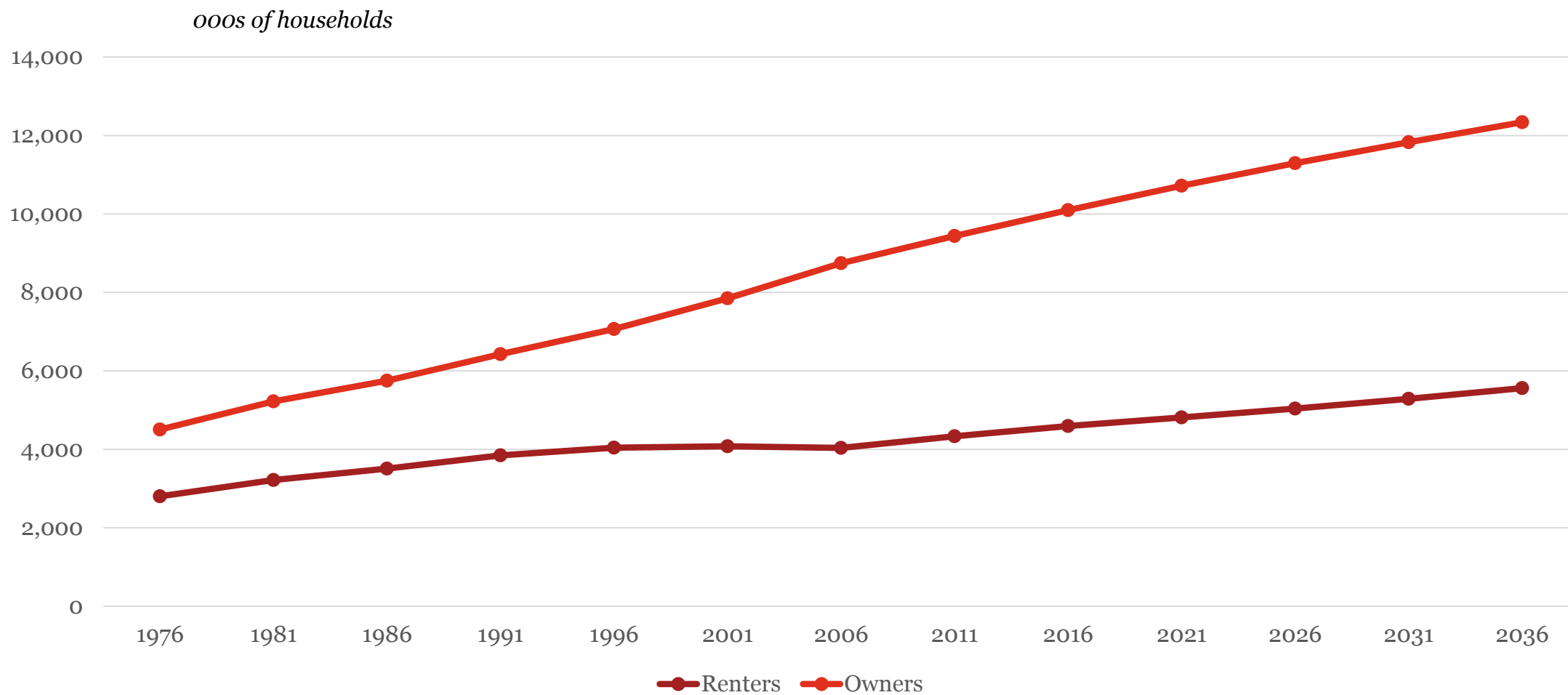


More than mixed use, it's about building communities

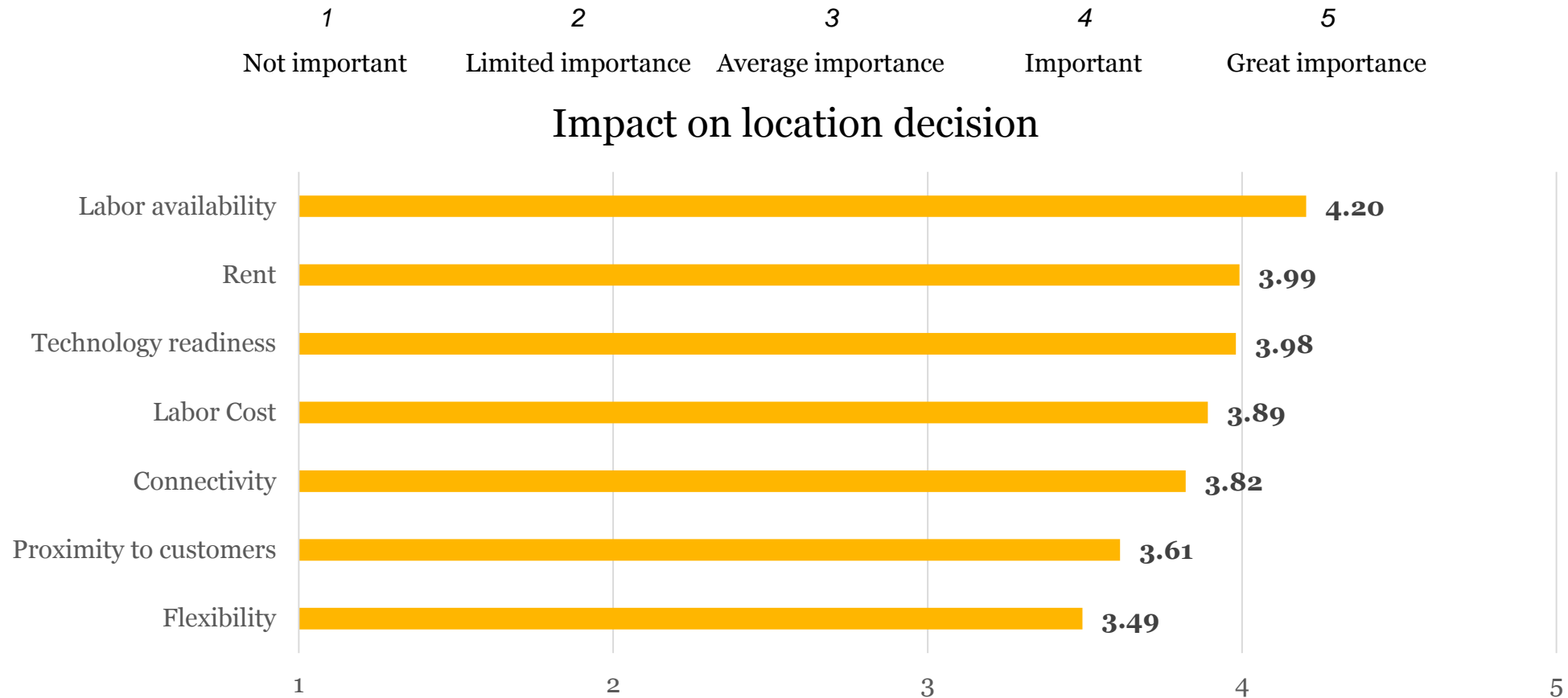
- Focus on mixed use communities rather than stand alone mixed use buildings
- Tenants are demanding dynamic neighborhoods that combine residential, retail, commercial and public spaces
- Can lead to partnerships between experts in different components



Renting for the long term



Technology disruptors hold a competitive advantage

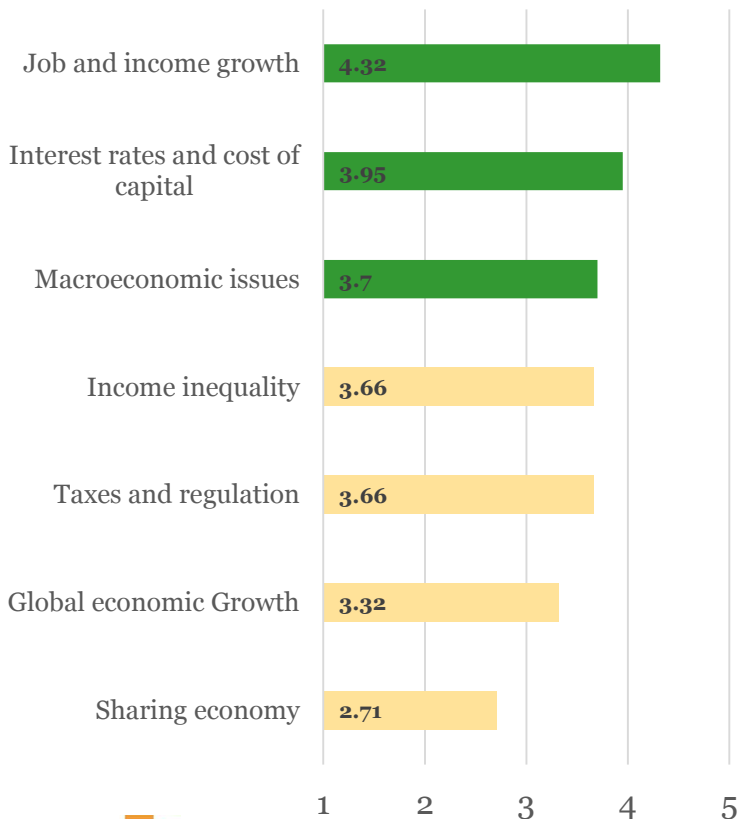


“We’re getting to the point where if people don’t recognize technologies are existing and, moreover, how to integrate them, opportunities are being missed.”

Global uncertainties weigh on the mind



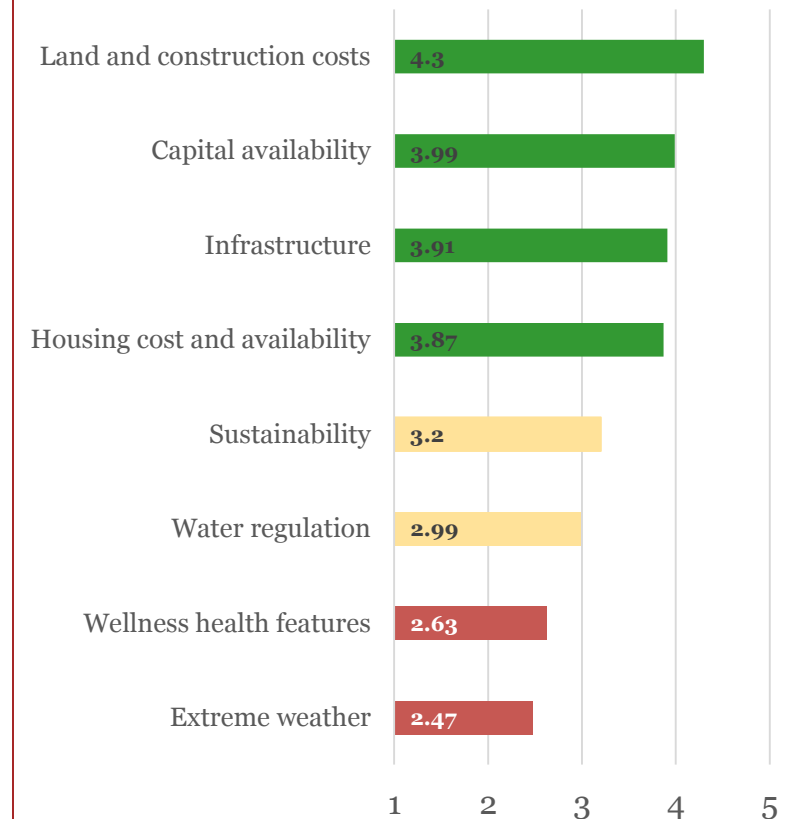
Economic/financial issues



Social/political issues



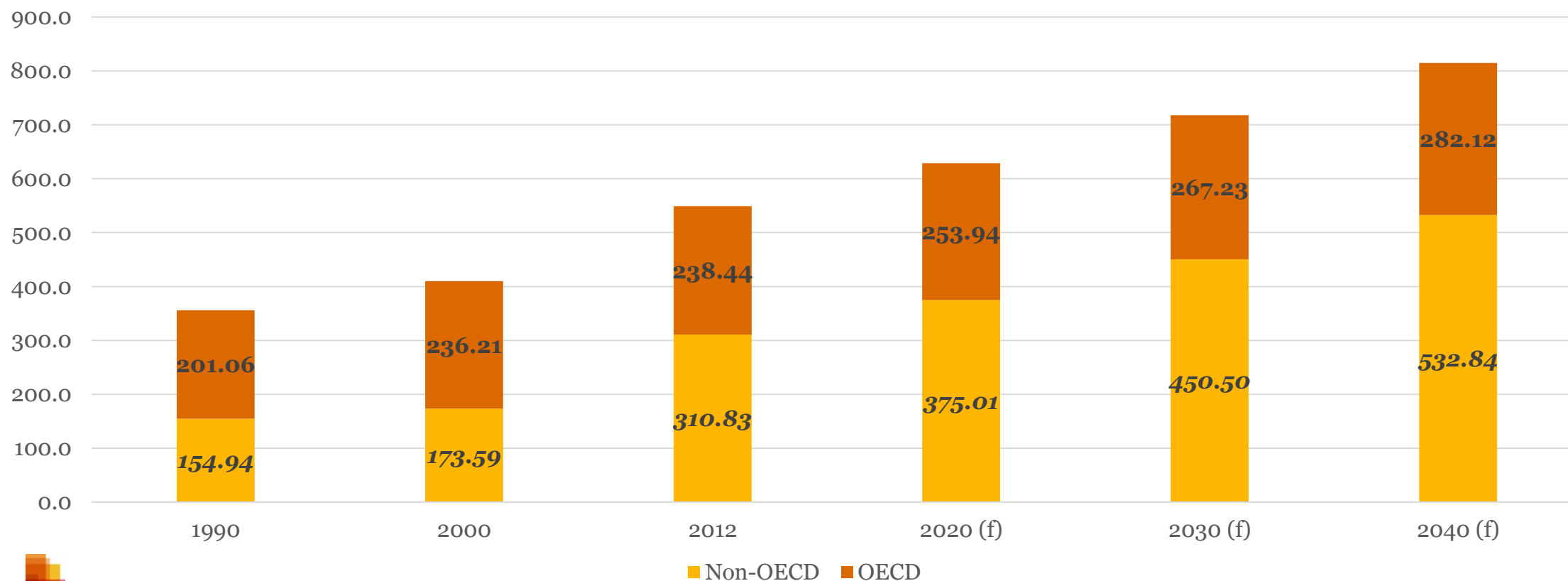
Real estate /development issues



Ongoing oil and gas woes

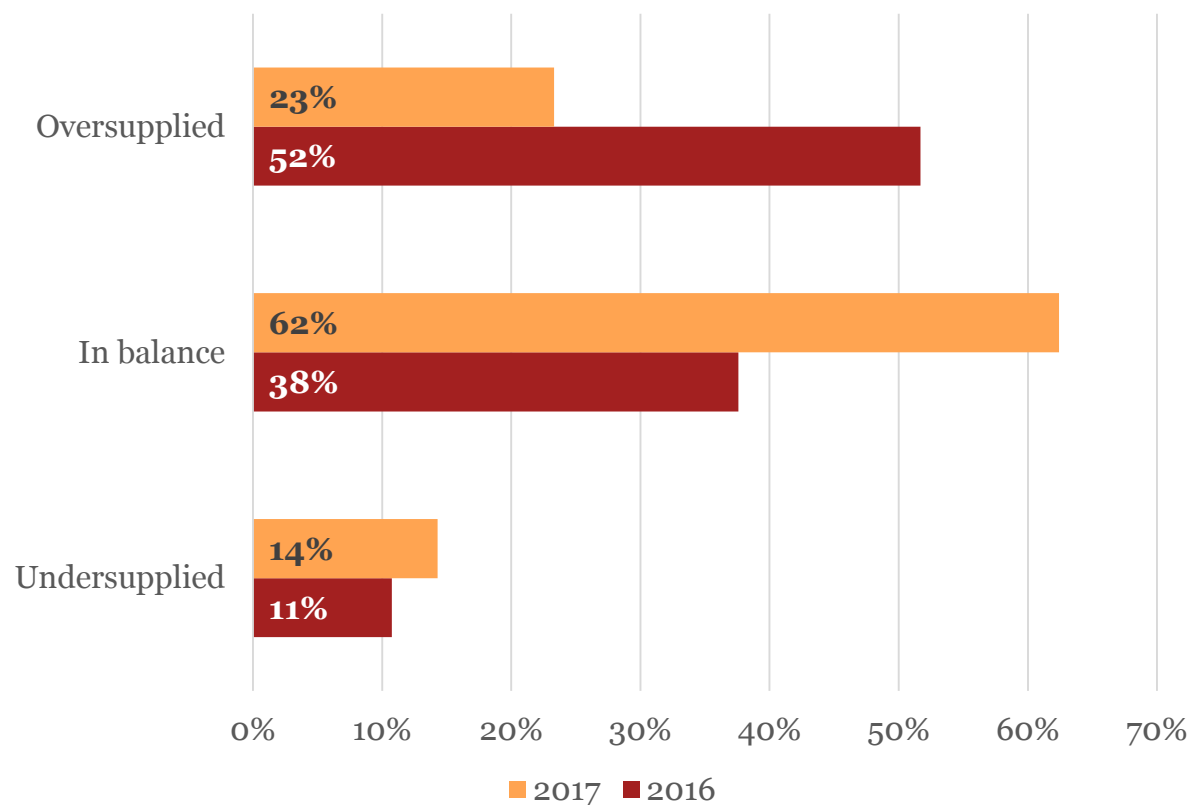
*Energy consumption will rebound, but
will prices?*

World energy consumption, 1990-2040 (quadrillion Btu)

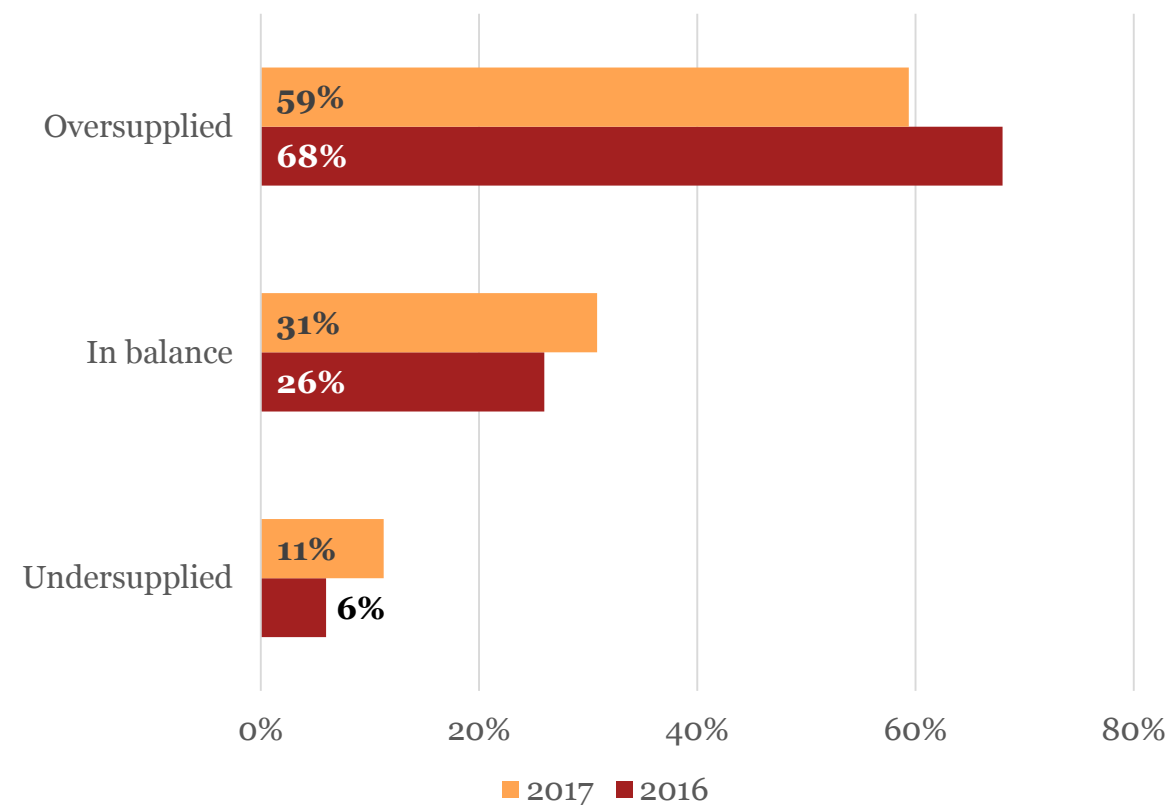


Waiting for deals

Debt capital for acquisition



Equity capital for investment



2017 Expected best bets

***Urban mixed-use
developments***



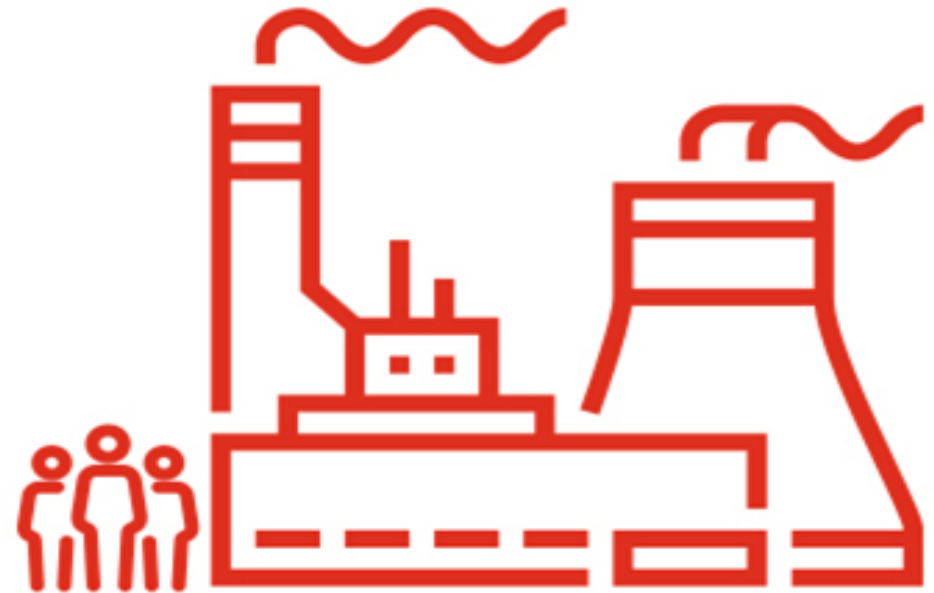
***Purpose-built multi-
family rentals***

2017 Expected best bets



***Senior
housing/retirement
homes***

Industrial property



Property Type Outlook

While there are regional variations in the outlook for different property types, developers, investors and property owners did strike some common notes in their assessment.

☐ ***Commercial***

☐ ***Condominium***

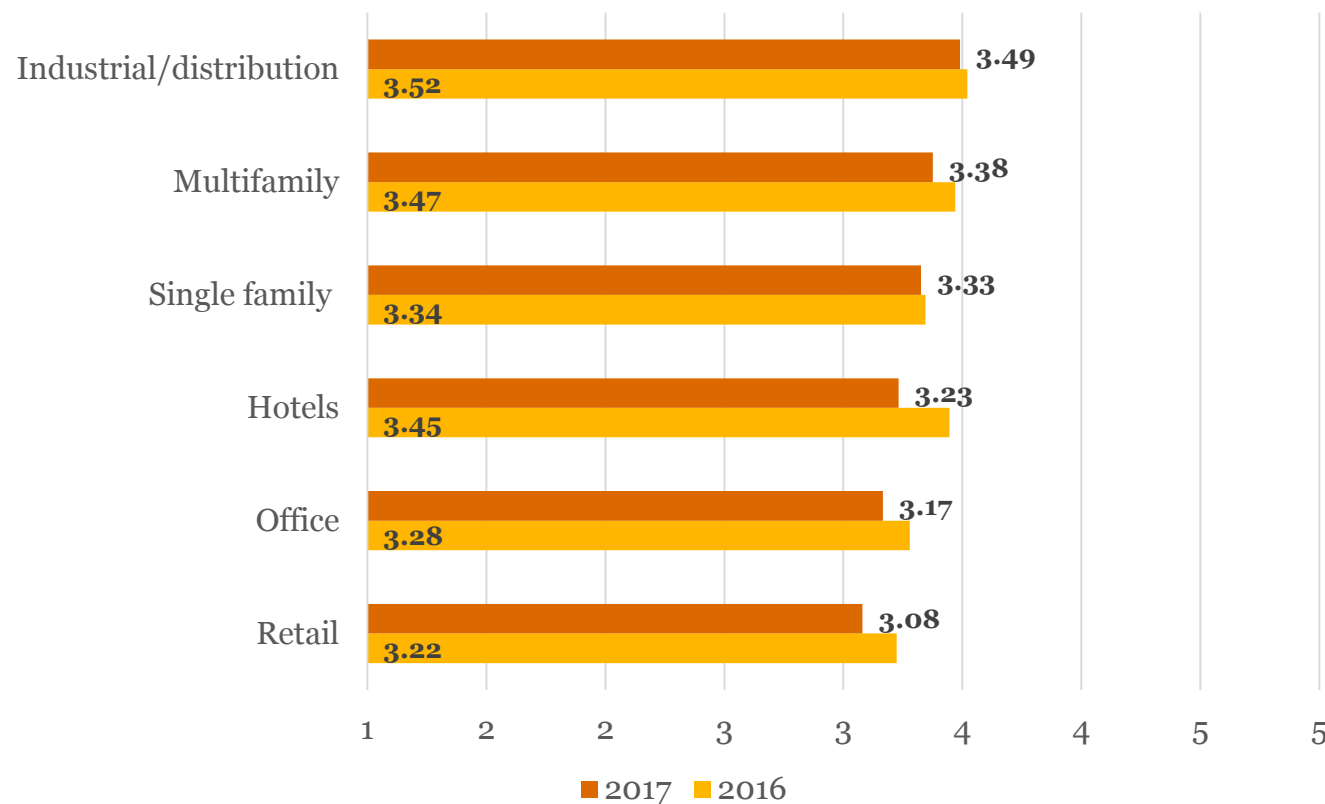
☐ ***Retail***



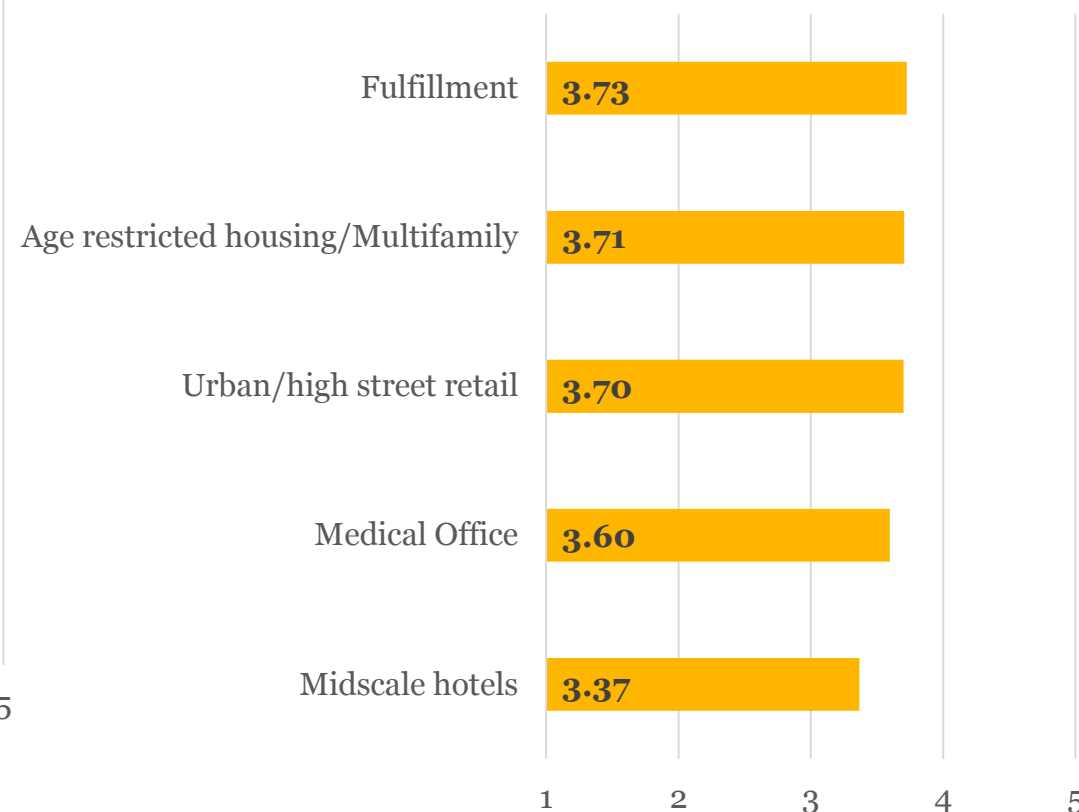
Investment outlook

1 Abysmal 2 Poor 3 Fair 4 Good 5 Excellent

Major sectors



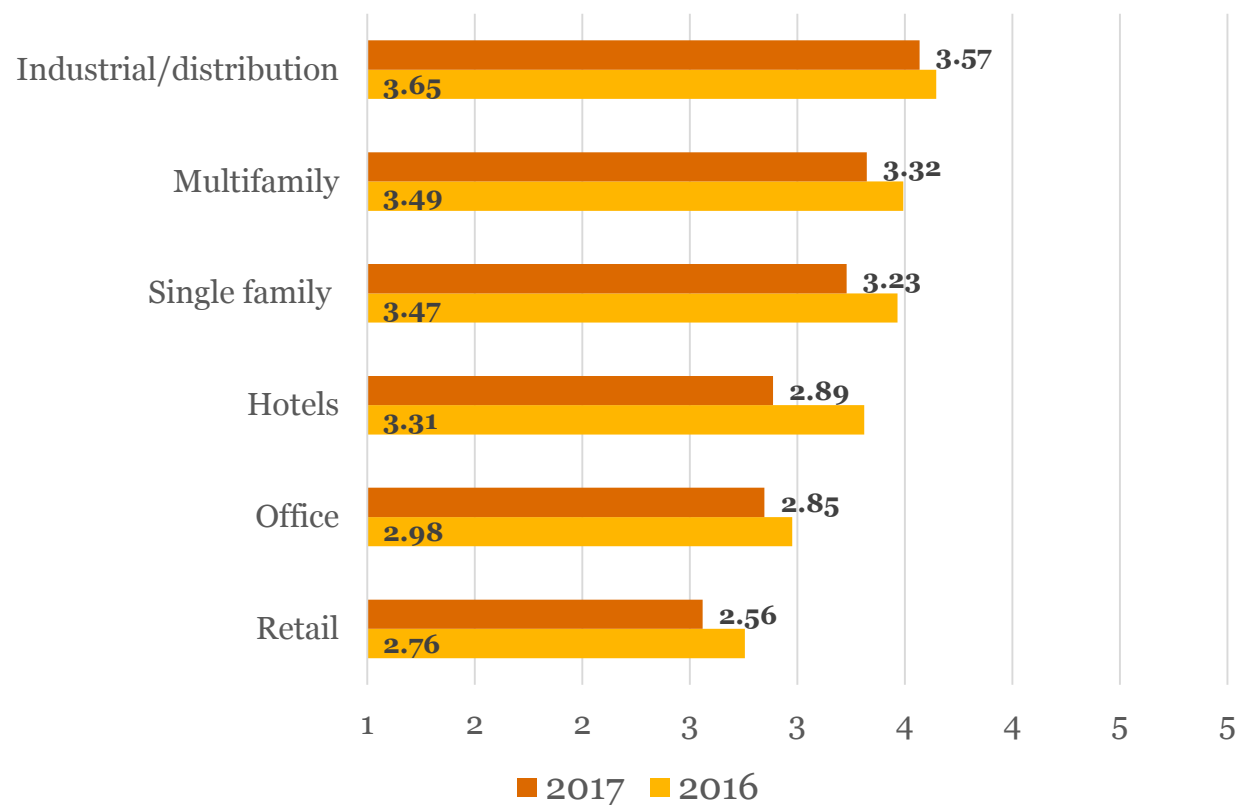
Top subsectors for 2017



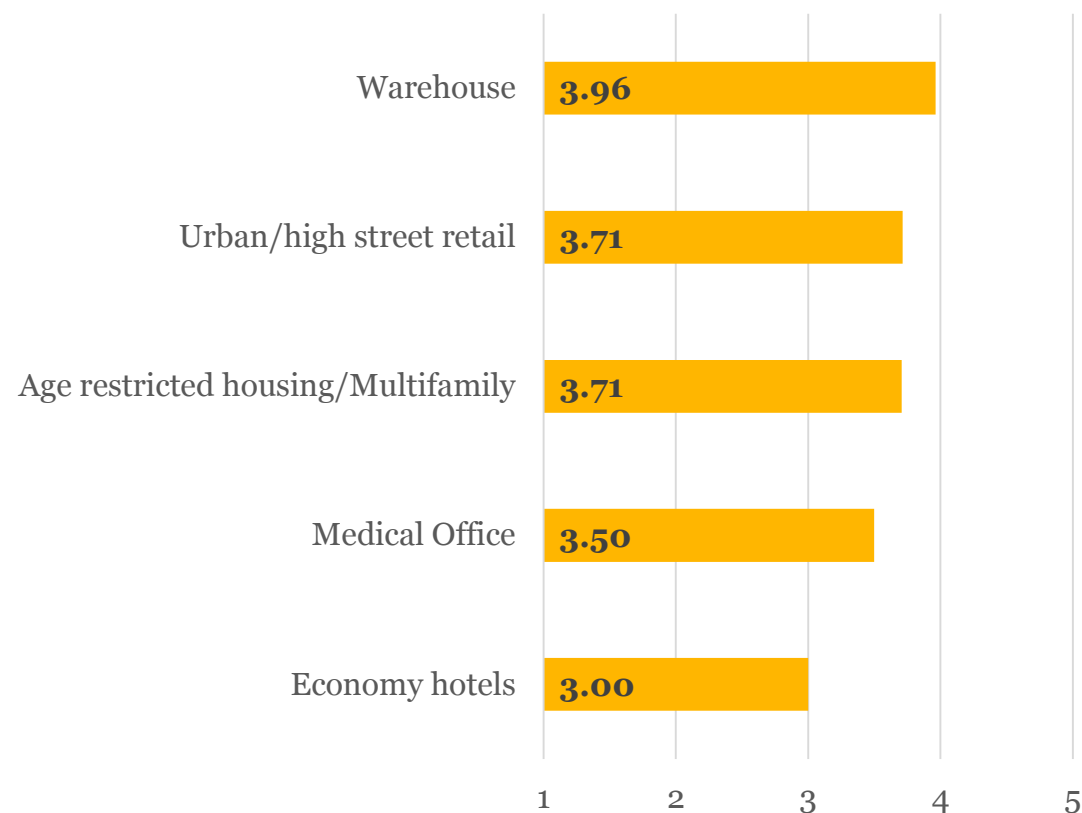
Development outlook

1 Abysmal 2 Poor 3 Fair 4 Good 5 Excellent

Major sectors

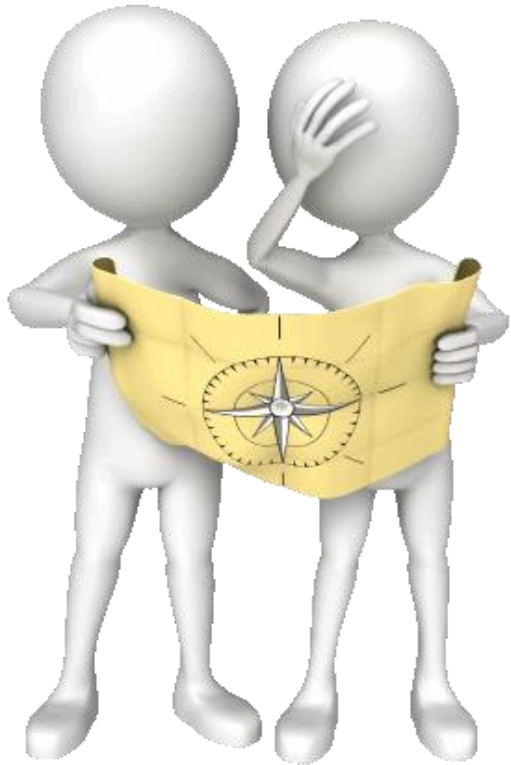


Top subsectors for 2017



Markets to watch

2017 markets to watch



	2012	2013	2014	2015	2016	2017
Vancouver	2	4	4	4	1	1
Toronto	1	3	5	3	2	2
Montreal	7	5	9	6	3	3
Ottawa	5	6	6	5	4	4
Saskatoon	6	7	3	8	5	5
Winnipeg	9	8	7	7	6	6
Halifax	8	9	8	9	8	7
Edmonton	4	2	2	2	7	8
Calgary	3	1	1	1	9	9

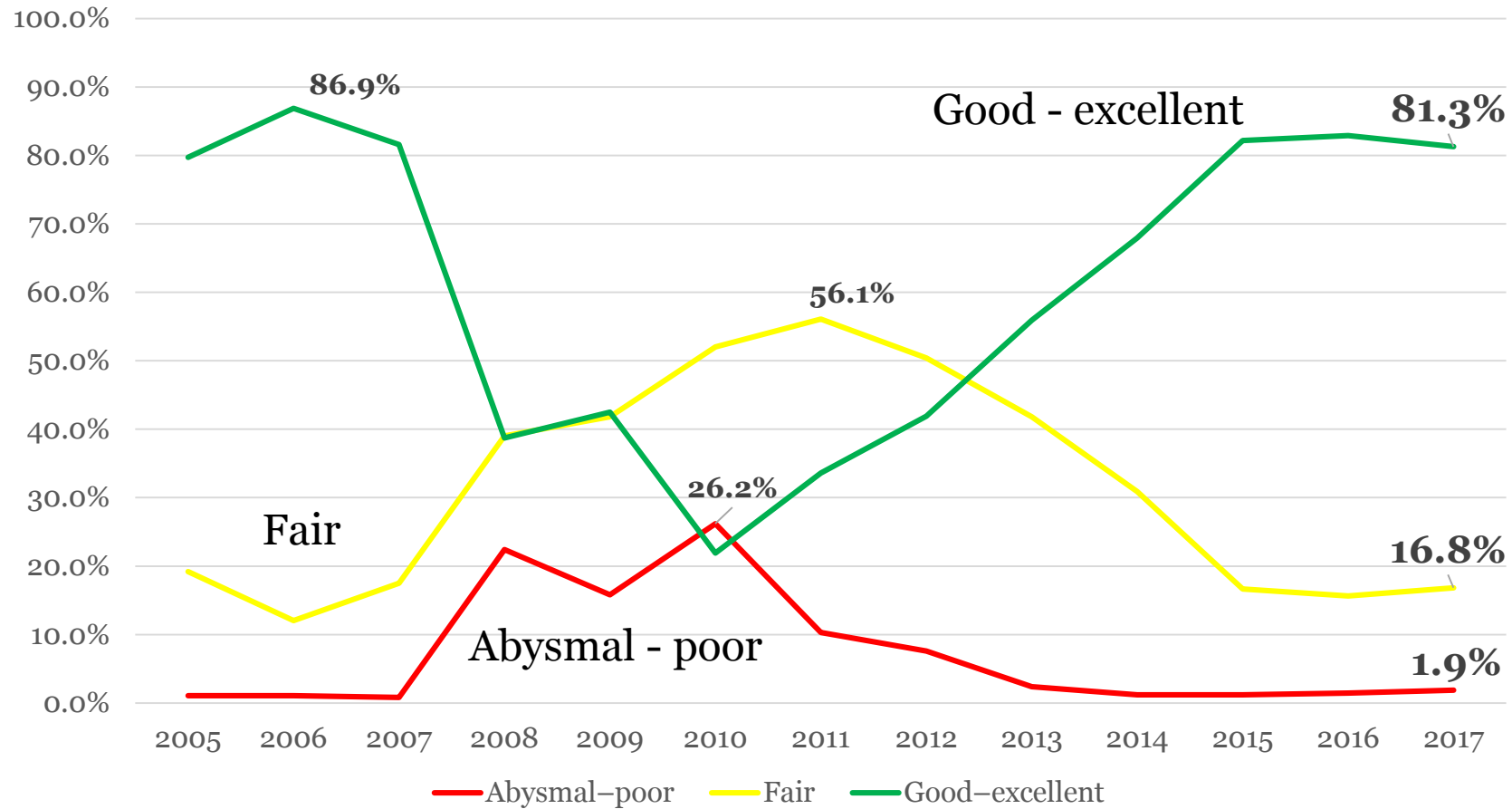
Emerging Trends in Real Estate 2017

Playing for Advantage, Guarding the
Flank

Nadia King
February 2017



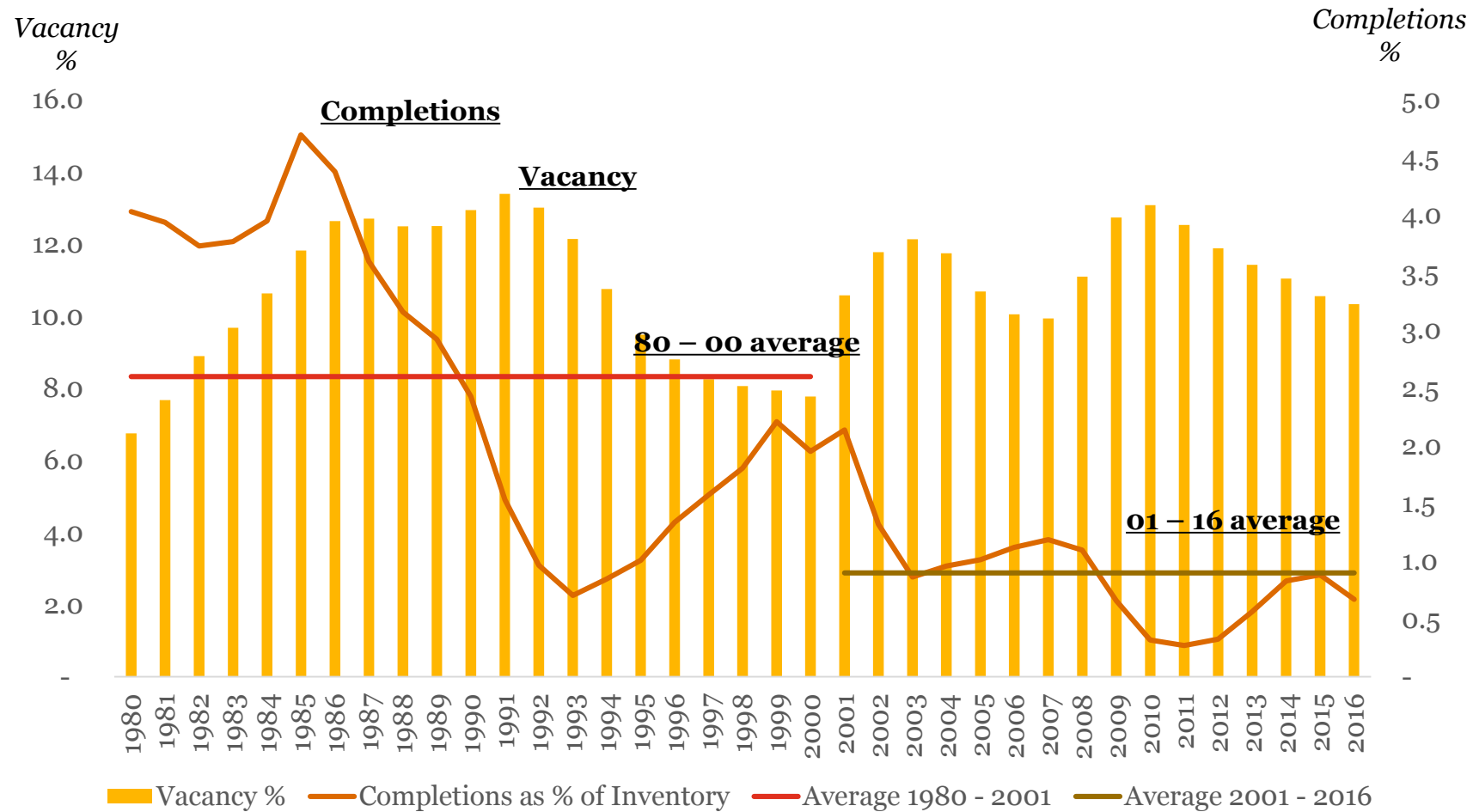
Expectations hitting a plateau?



2017 Emerging trends in real estate



Where is the new commercial supply?

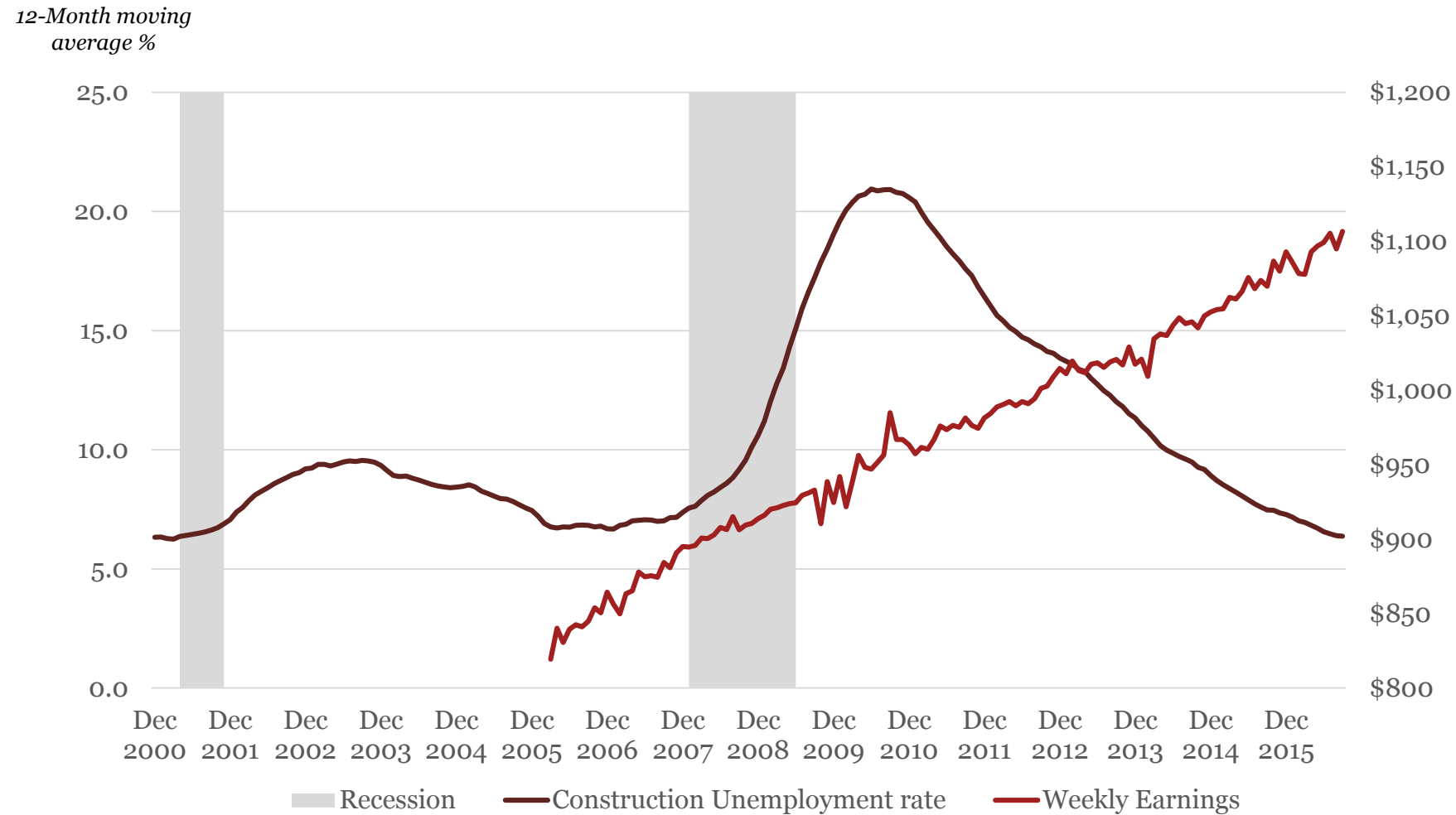


One use at a time or two at the same time

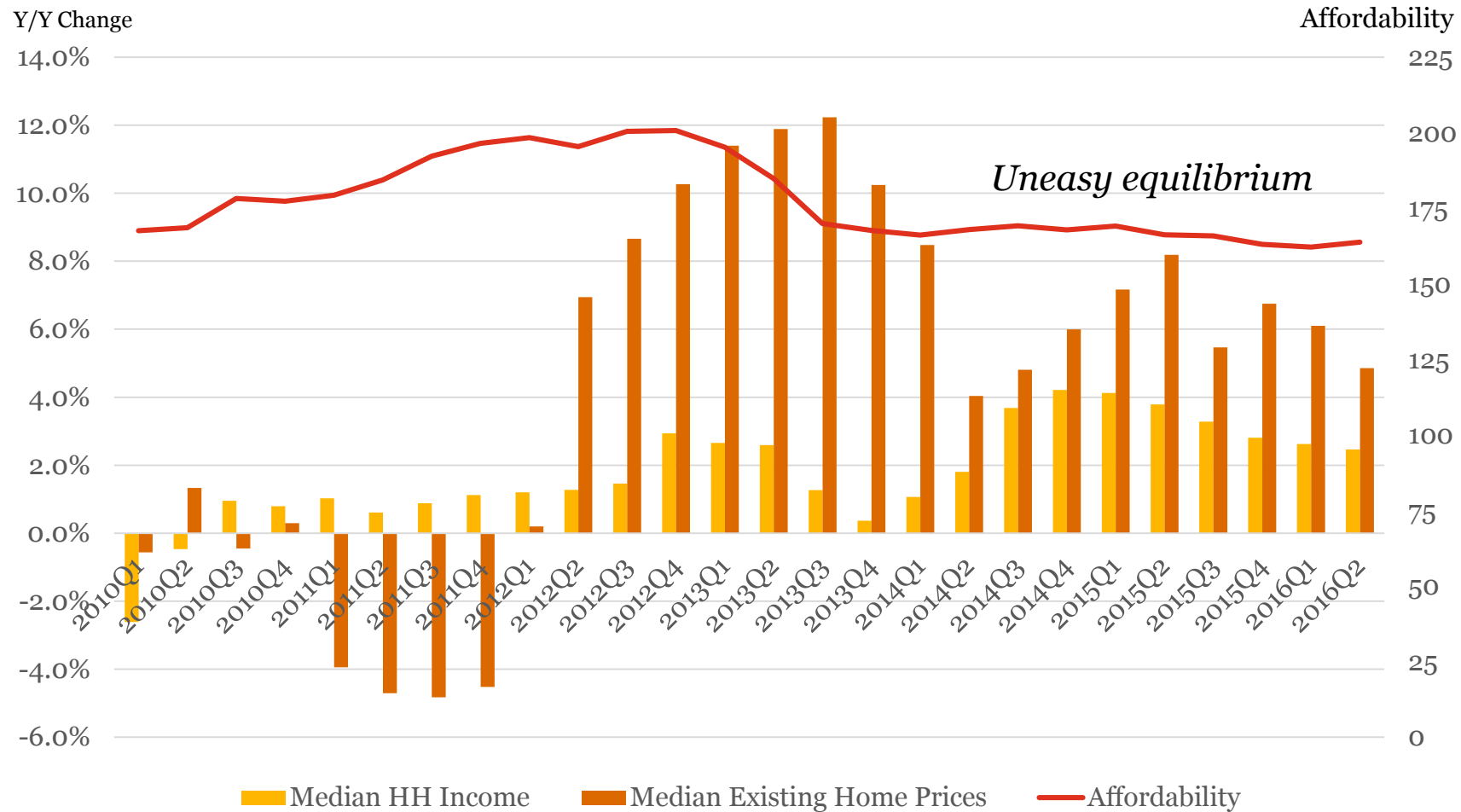
e-loft example



Construction labor gets hard to find



Income growth not keeping up with existing home prices



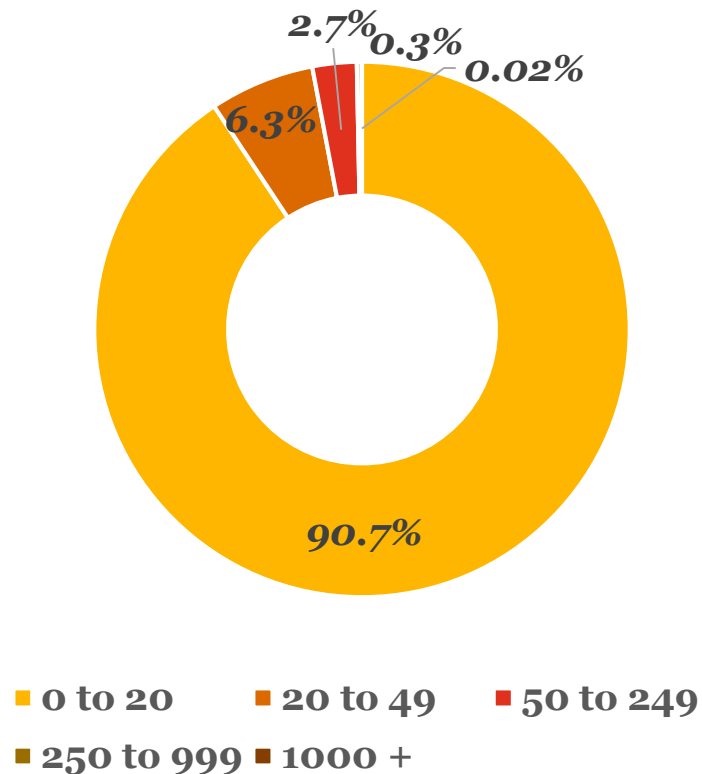
Gaining entry beyond the velvet rope



- Communities realize the value of diversification
- Number of affordable housing initiatives on the November ballot
- Dealing with community opposition
- Sharing information through social media

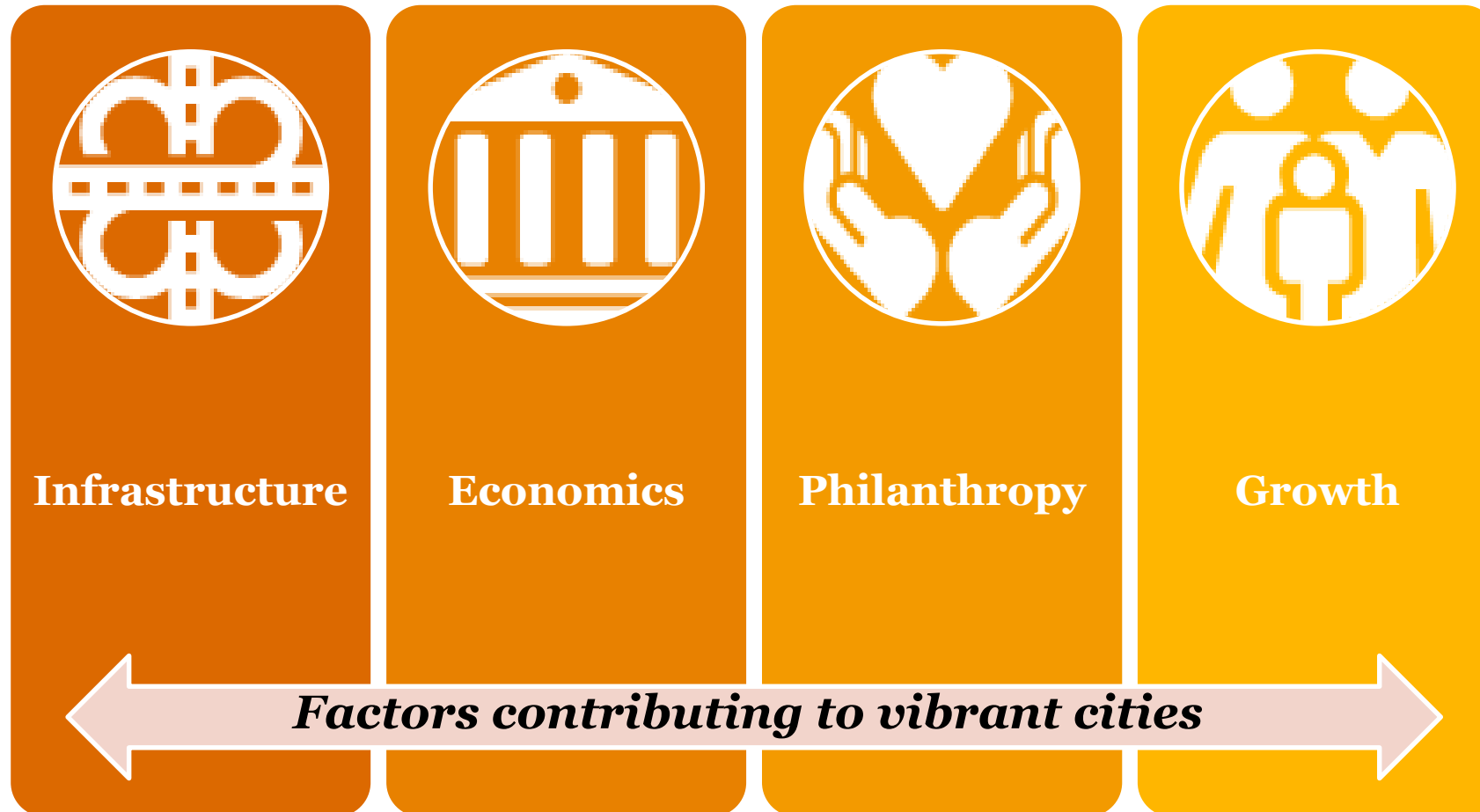
Small developers influence on the market

Establishments by Number of Employees



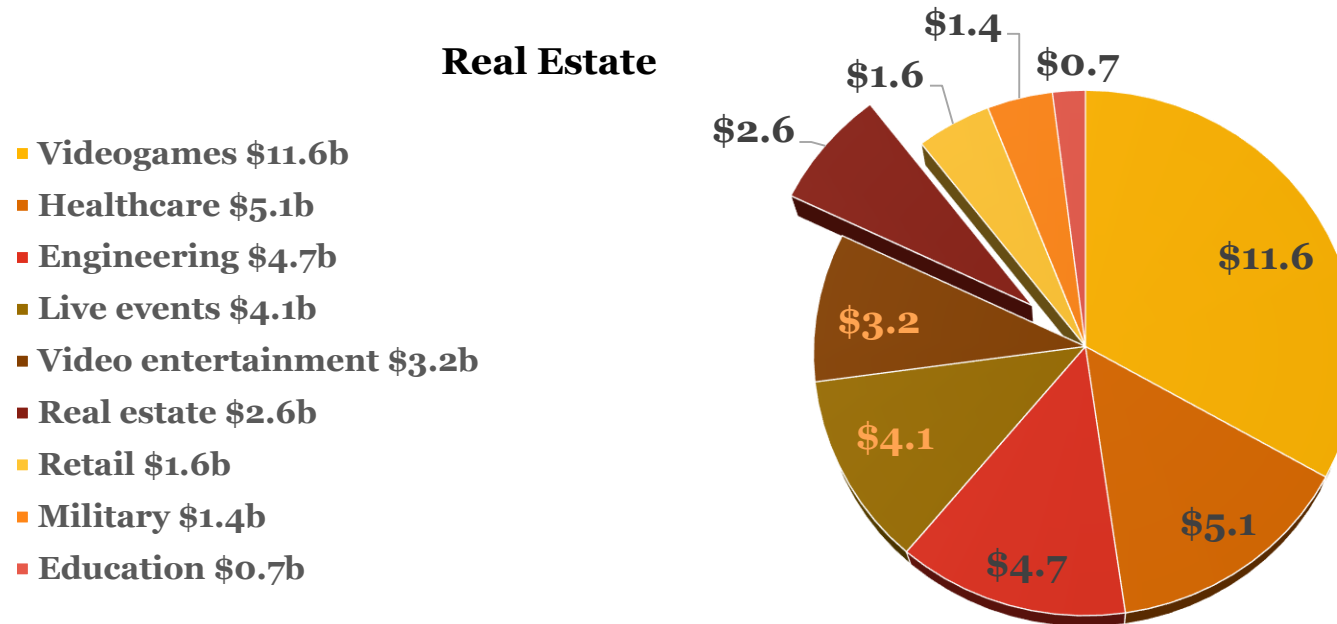
- *In demand from global/national investors looking to access markets*
- *Superior feel for local market conditions*
- *Feel the impact of restricted access to capital sooner in any cycle*

Connected Cities



Augmented reality potential market impact

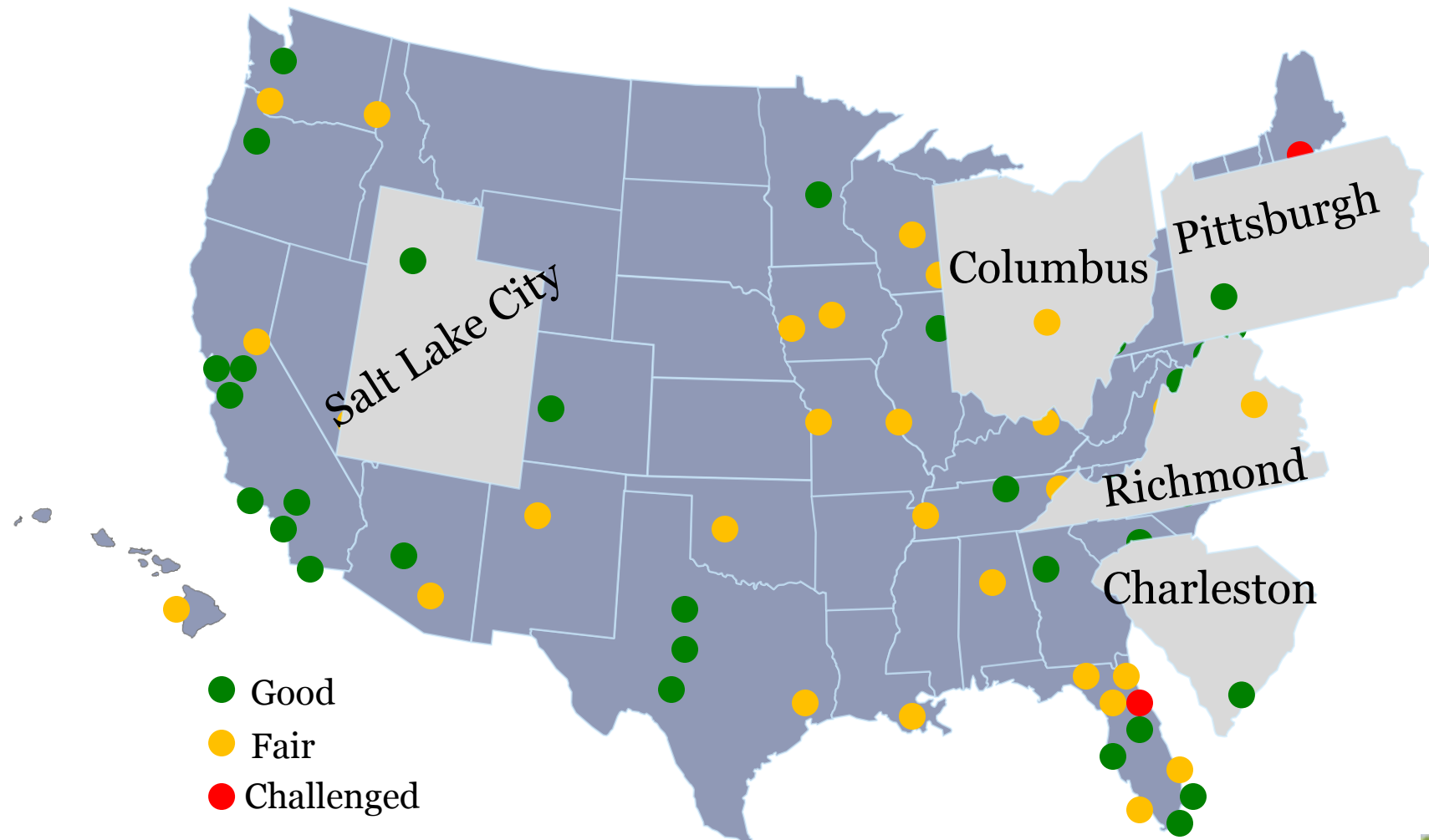
Projected revenue by industry (total \$35.0 billion)



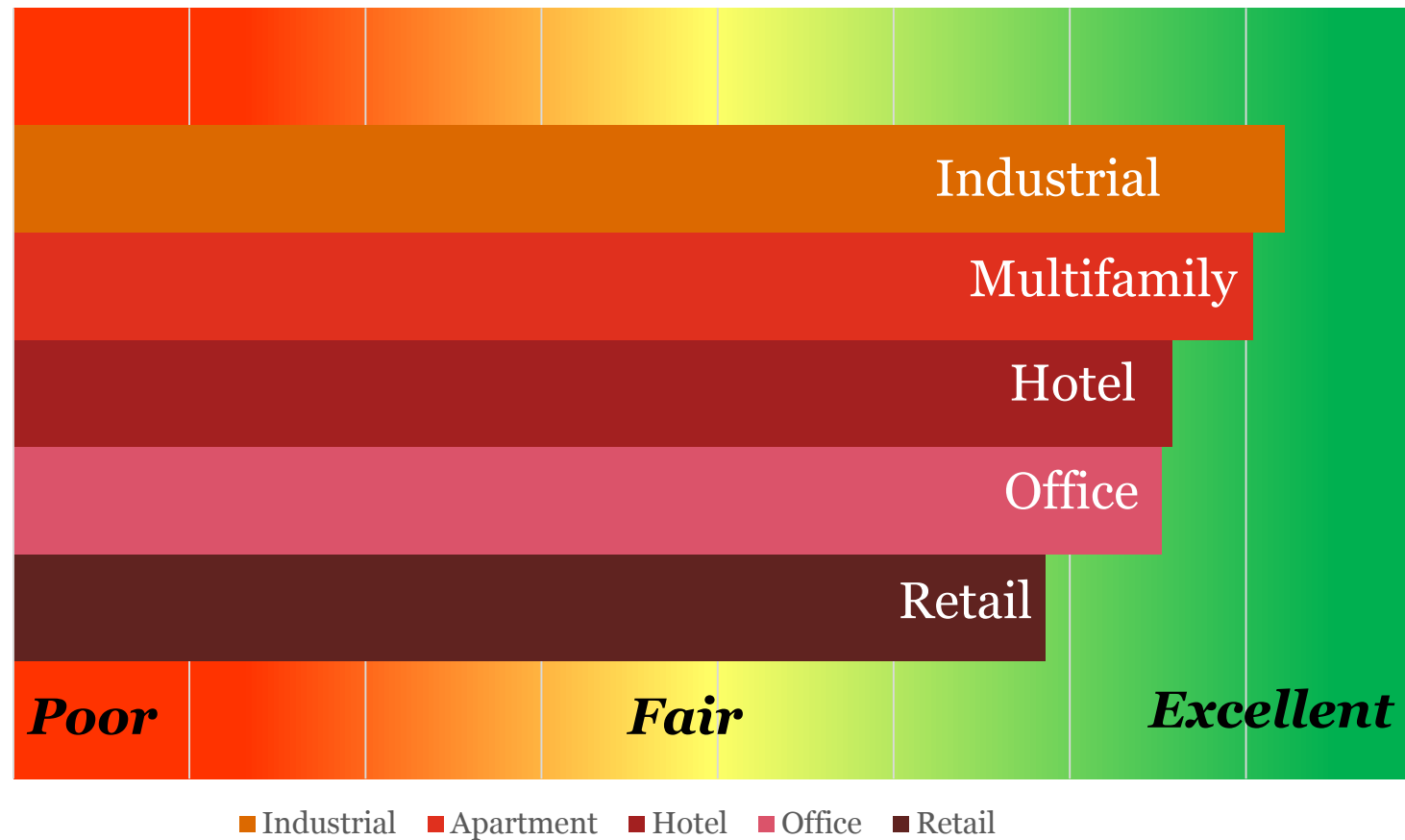
Markets to watch – The top 10

2016	2017	Market	Classification
2	1	Austin	18 - Hour
1	2	Dallas/Fort Worth	18 - Hour
9	3	Portland	18 - Hour
4	4	Seattle	18 - Hour
10	5	Los Angeles	Gateway
7	6	Nashville	18 - Hour
11	7	Raleigh/Durham	18 – Hour/Suburban
14	8	Orange County	18 – Hour/Suburban
3	9	Charlotte	18 - Hour
8	10	San Francisco	Gateway

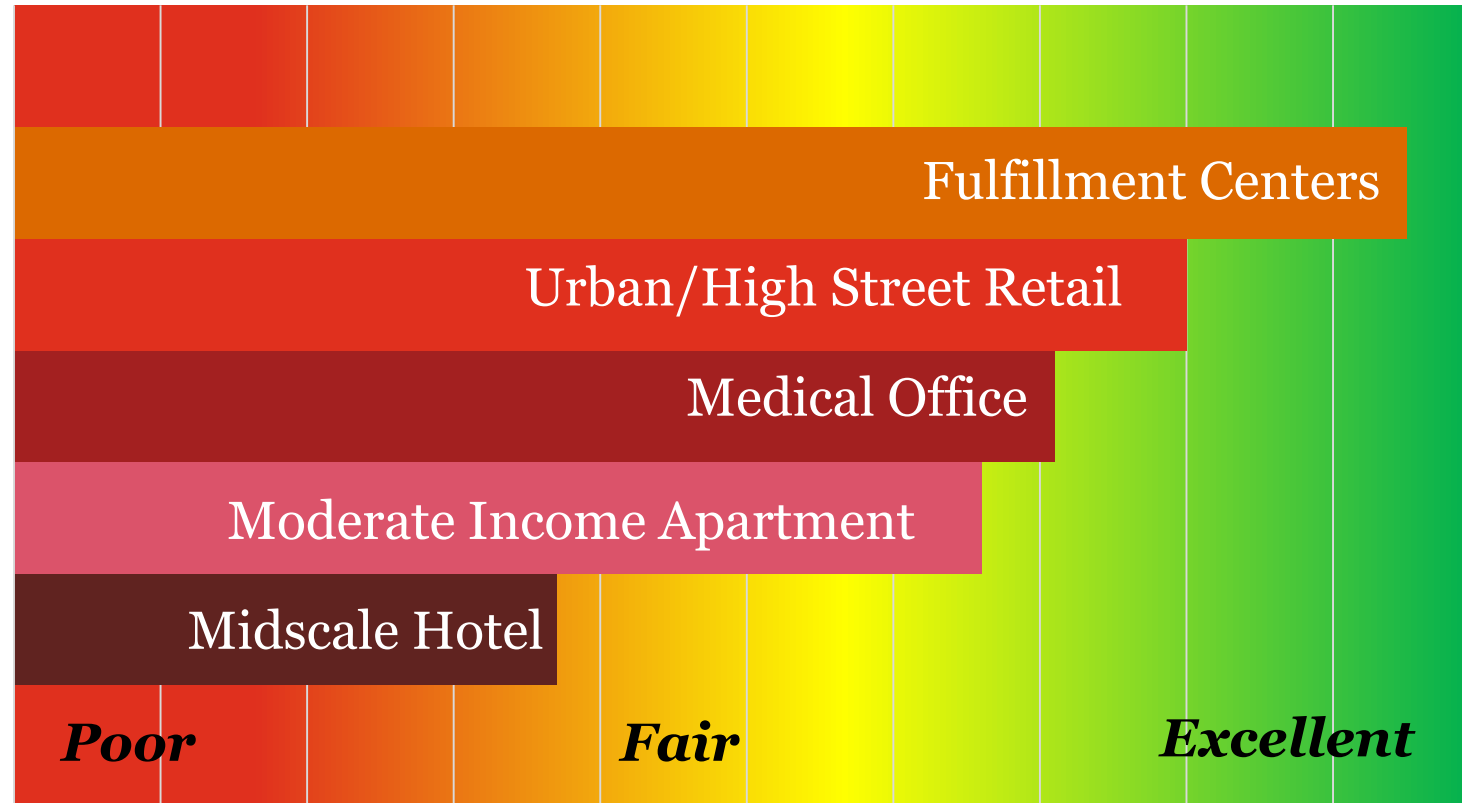
Markets to Watch – Who is on the rise?



2017 Property Type Investment Outlook



2017 Property type subsector investment outlook



Thank you!

**Download your copy of
*Emerging Trends in Real Estate 2017***

www.pwc.com/ca/emergingtrends

© 2016 PricewaterhouseCoopers LLP, a Delaware limited liability partnership. All rights reserved.

PwC refers to the US member firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see www.pwc.com/structure for further details. This content is for general information purposes only, and should not be used as a substitute for consultation with professional advisors.



**Merci !
Thank you !**