

*Emerging Trends
in Real Estate 2017*
Playing for Advantage, Guarding the
Flank

ULI/PwC
Annual Trends Event
November 4, 2016



pwc

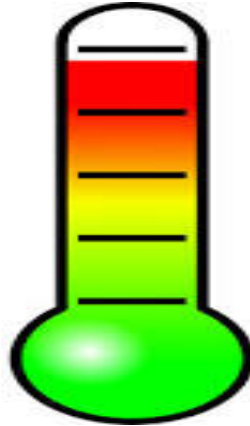


Emerging Trends in Real Estate 2017

- 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 interviews and 246 in Canada
- Sponsored jointly by PwC and the Urban Land Institute

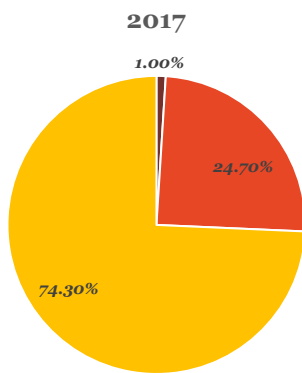


Market Sentiment

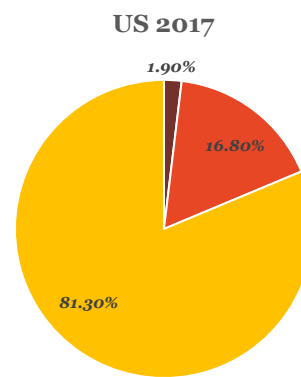


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Profitability expectations



■ **abysmal to poor** ■ **fair** ■ **good to excellent**



■ **abysmal to poor** ■ **fair** ■ **good to excellent**

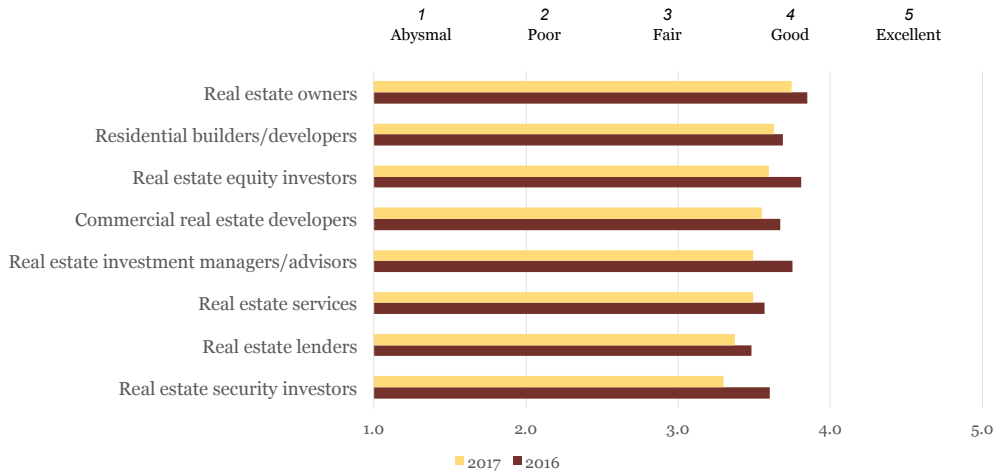


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Business prospects



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How would you describe the 2017 real estate market? Here is what 900 respondents said

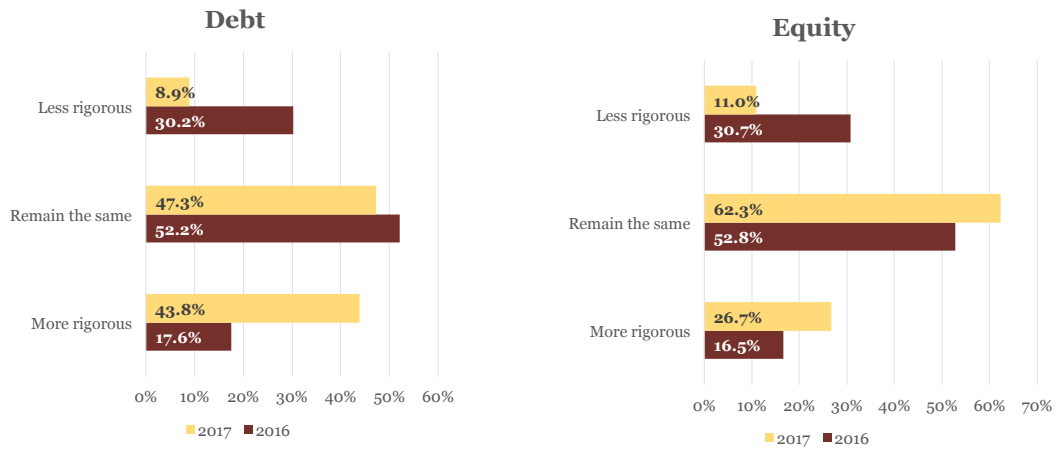


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Underwriting criteria adjust to the environment



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Emerging Trends



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Trends reflect market sentiment

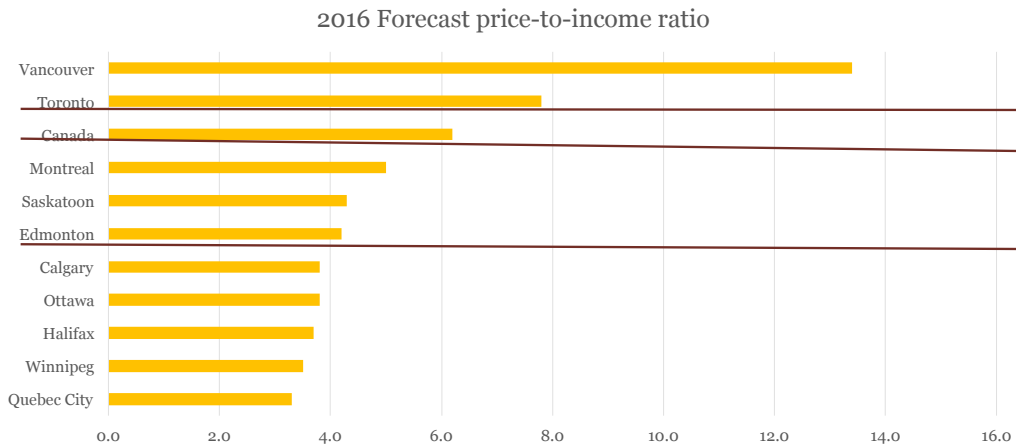


2017 expected best bets

Urban mixed-use developments



Affordability on the decline

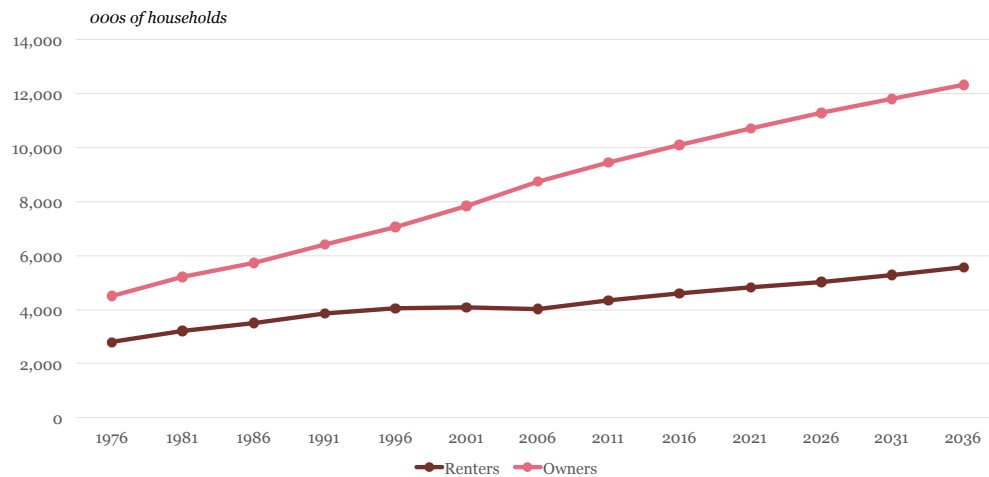


TD Economics, Regional Housing Report – August 2016



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Renting for the long term



Canada Mortgage and Housing Corporation



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2017 expected best bets

**Purpose-built
multifamily rentals**

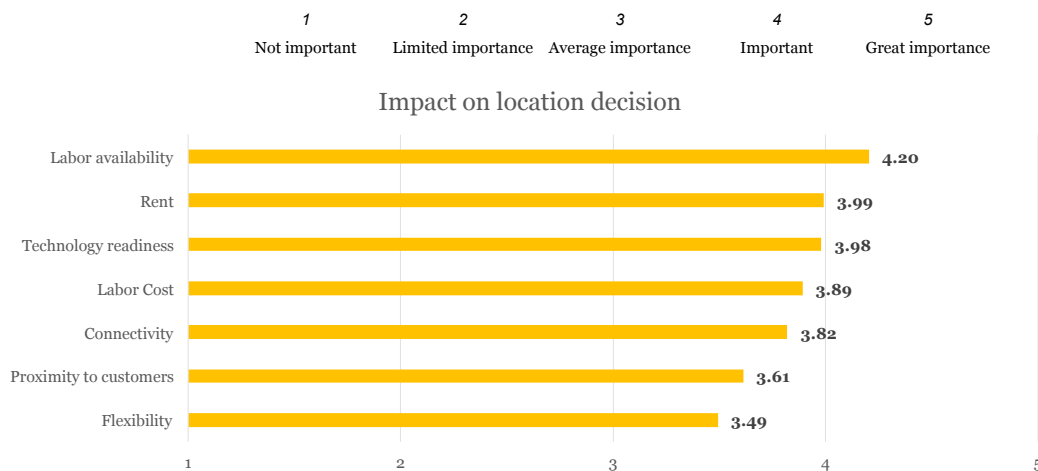


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Technology disruptors hold a competitive advantage

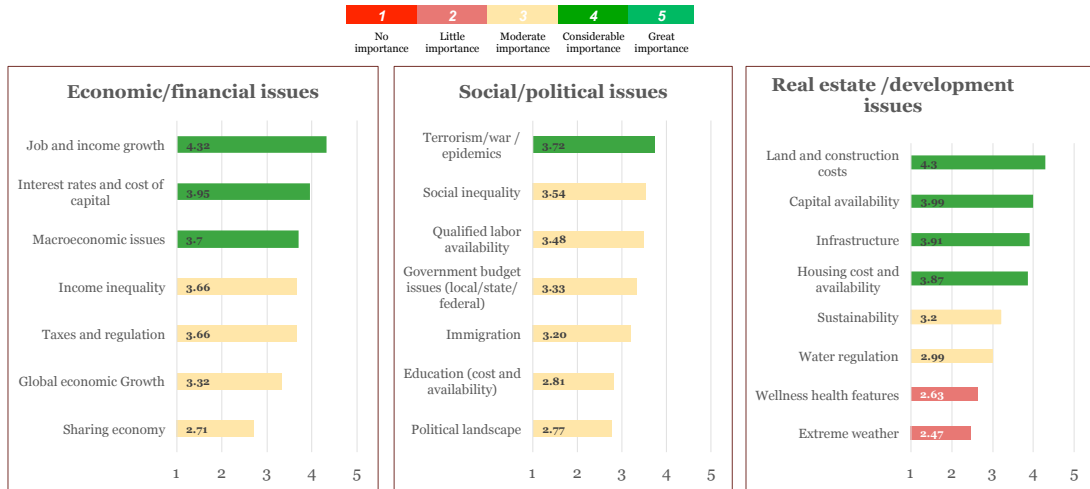


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Global uncertainties weigh on the mind



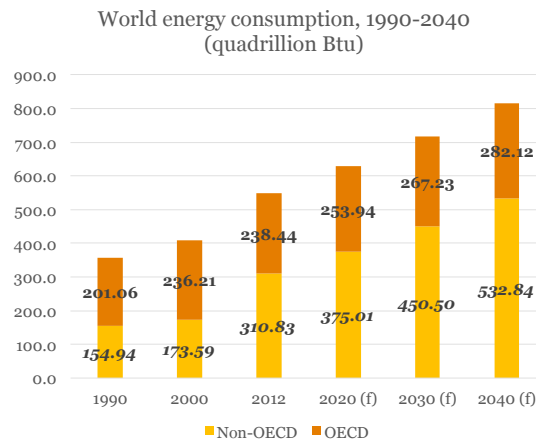
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Ongoing oil and gas woes

Energy consumption will rebound, but will prices?

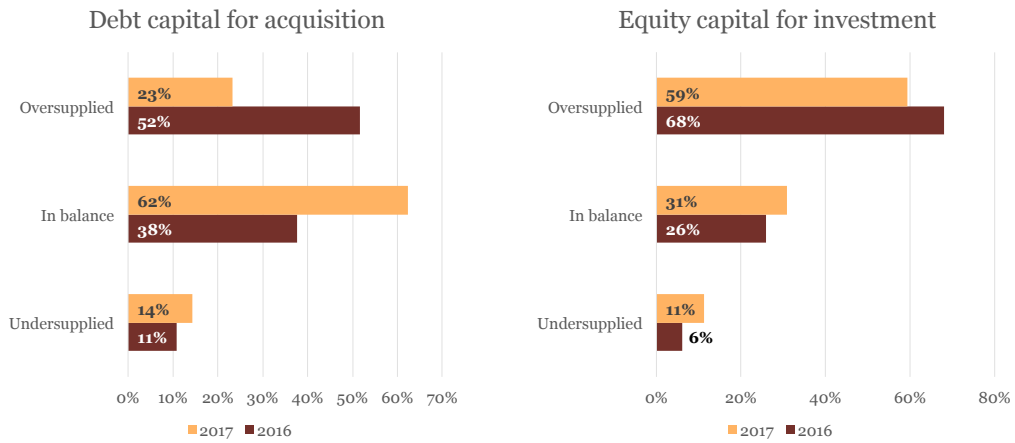


US Energy Information Administration



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Waiting for deals



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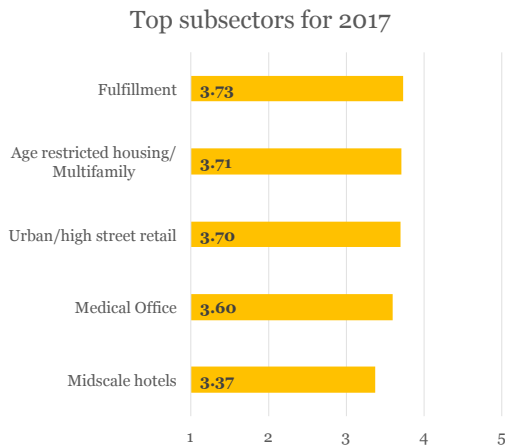
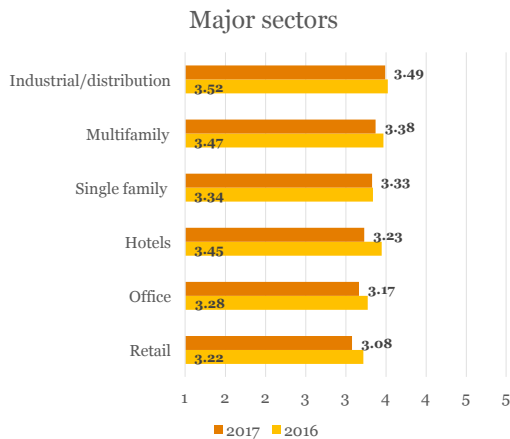
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Property Type Outlook



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Investment outlook

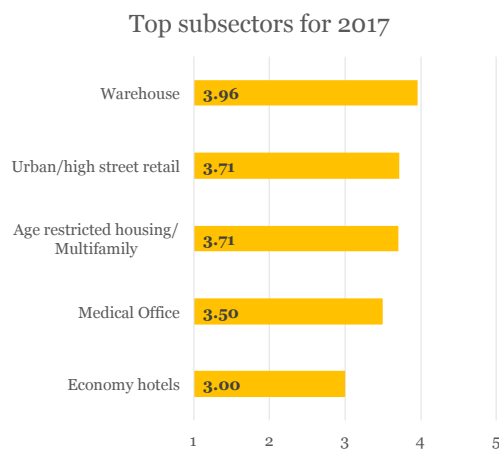
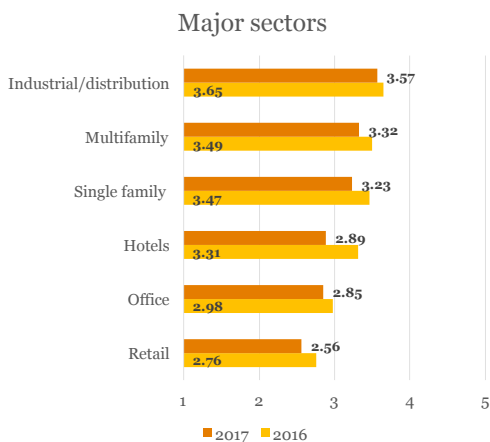


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Development outlook



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2017 expected best bets

Industrial property

***Senior housing/
retirement homes***



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Markets to watch



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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



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2017 US Emerging Trends Summary

Top trends

- Are real estate cycles moderating?
- Optionality
- Housing affordability
- Shortage of construction labor
- Civic minded development
- Technology enhancements

Markets & Property Sectors

- 18-hour cities continue to attract interest
- Focus continues to move toward neighborhoods
- Niche subsectors attract more interest as investors look for yield

Expected best bets

- Providing capital in the middle of the stack
- Take advantage of adjacency
- Implement new construction technology
- Solve the last mile e-commerce equation



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Thank you!

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