

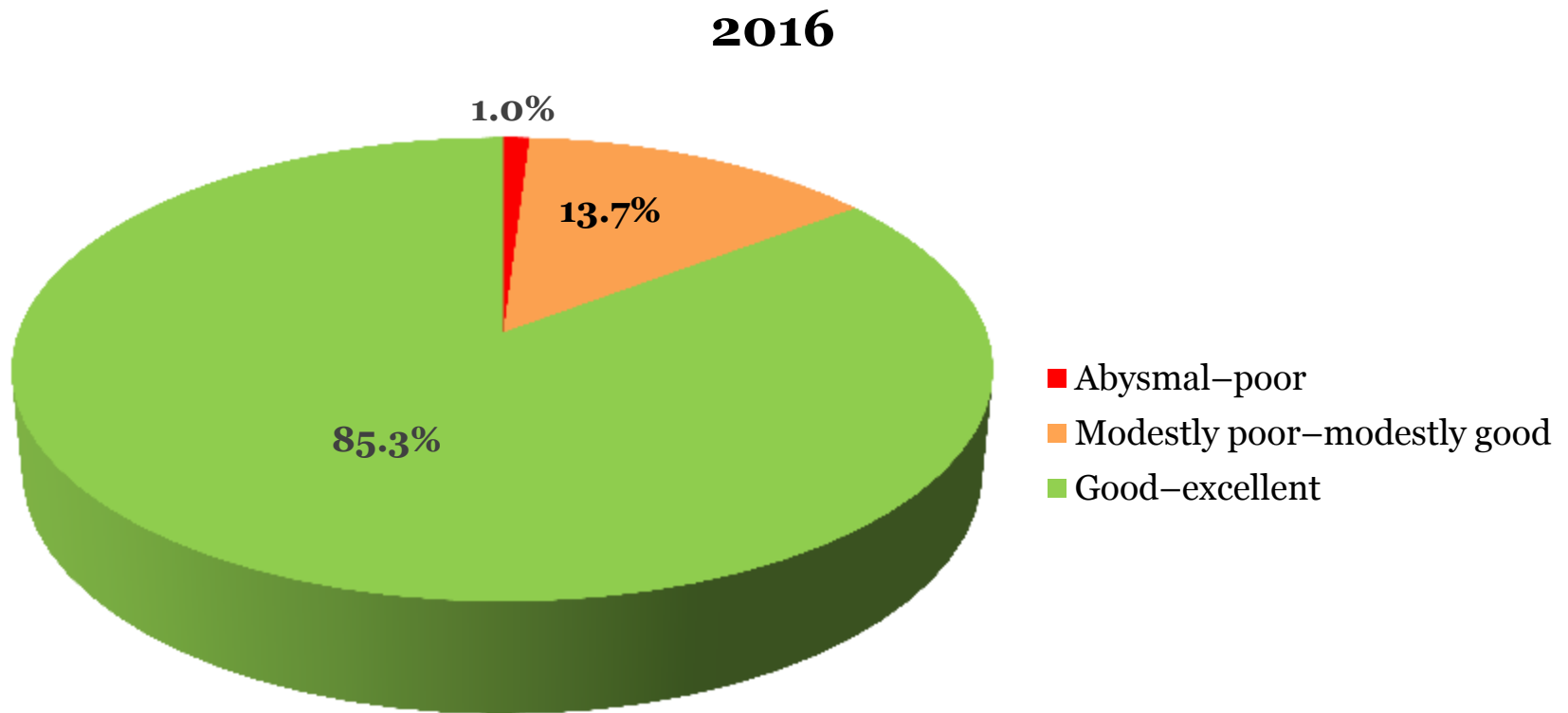
*Emerging Trends in
Real Estate 2016
Changing opportunities*

ULI – PwC Annual Real
Estate Trends Program

November 2, 2015

Despite caution, outlook is still positive

Expectations remain high

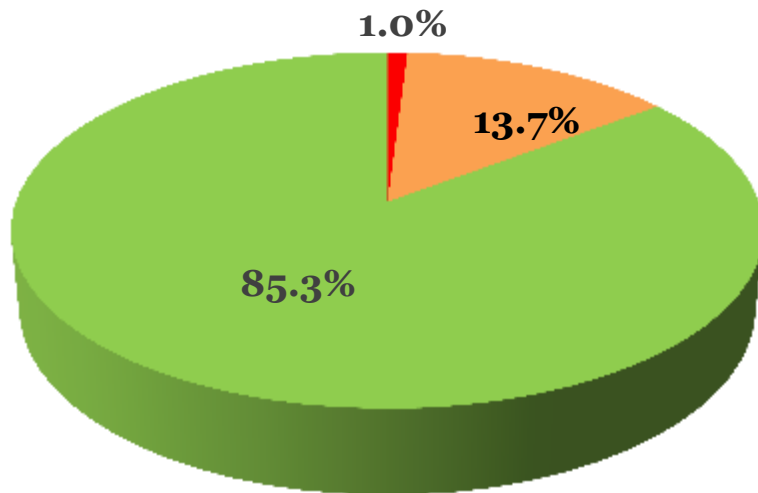


Source: *Emerging Trends in Real Estate 2016*

Outlook is positive across North America

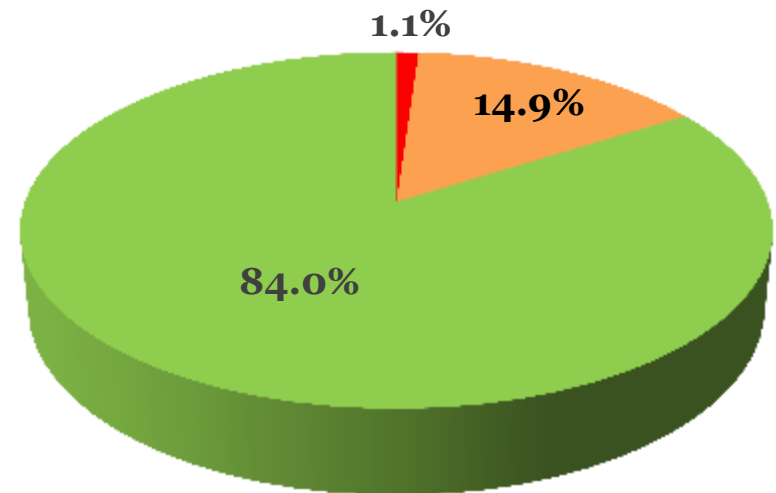
Expectations remain high

Canada



- Abysmal-poor
- Modestly poor-modestly good
- Good-excellent

U.S.



- Abysmal-poor
- Modestly poor-modestly good
- Good-excellent

Source: *Emerging Trends in Real Estate 2016*

Caution rules

*Liquidity and
lack of
investable
assets*

*Office leasing:
an evolving
market*

***2016
Emerging
Trends in
Real Estate***

*Stronger U.S.
dollar
generates some
optimism*

*Lower oil
prices: mixed
impact*

*Foreign investment:
Canada retains
its allure*

*Housing
affordability
concerns rise*

*Rise of the
renter*

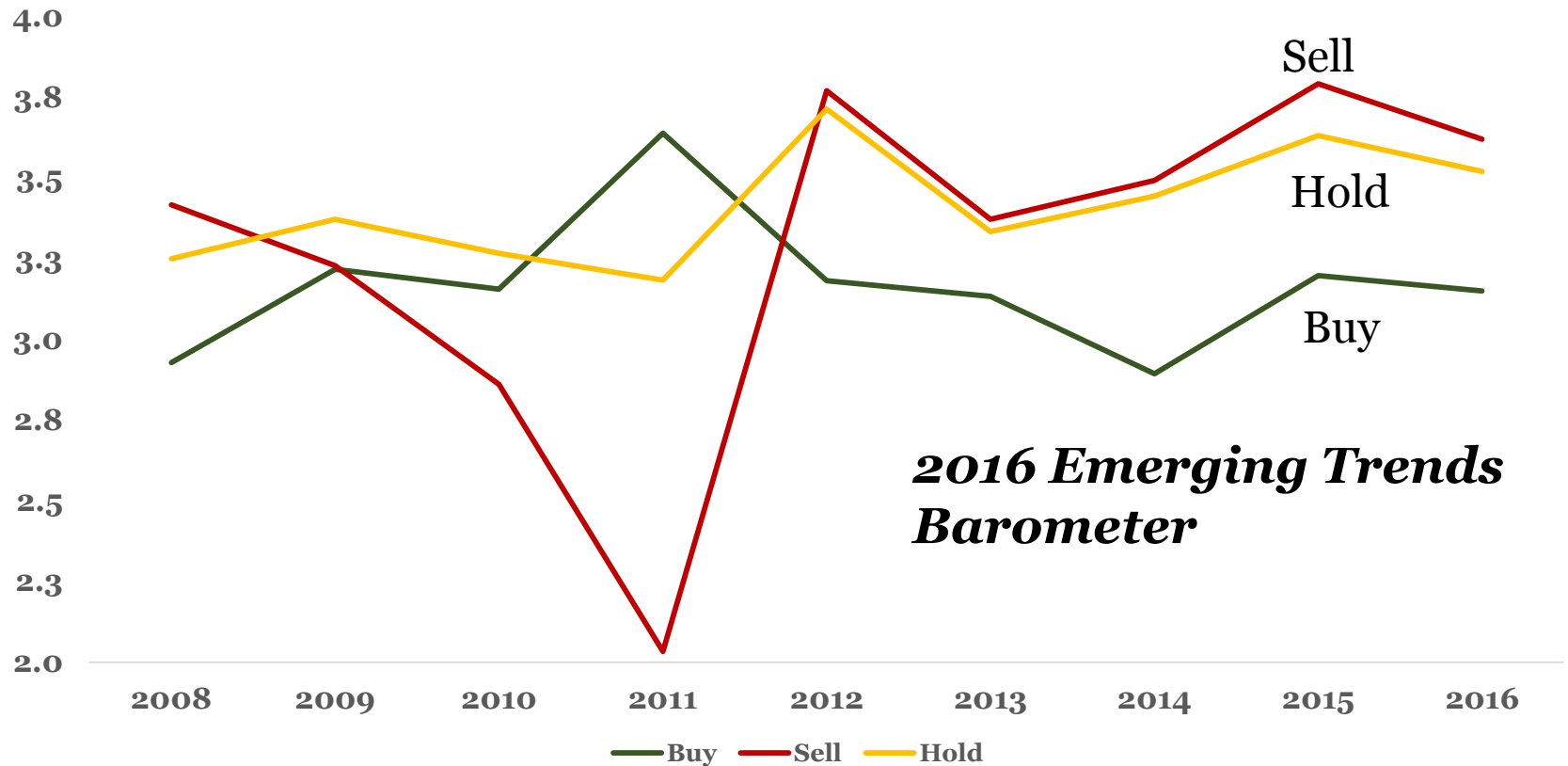
***2016
Emerging
Trends in
Real Estate***

*Resilience of
the suburbs*

*Technology
creates
opportunities
and challenges*

How do you feel about the overall market?

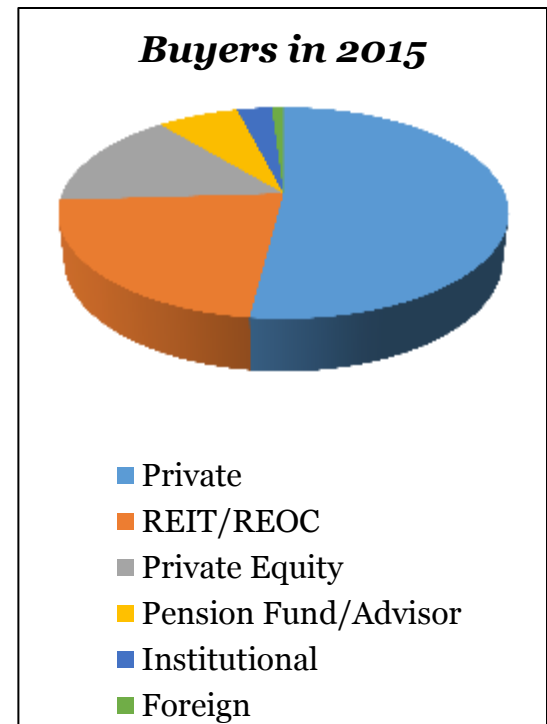
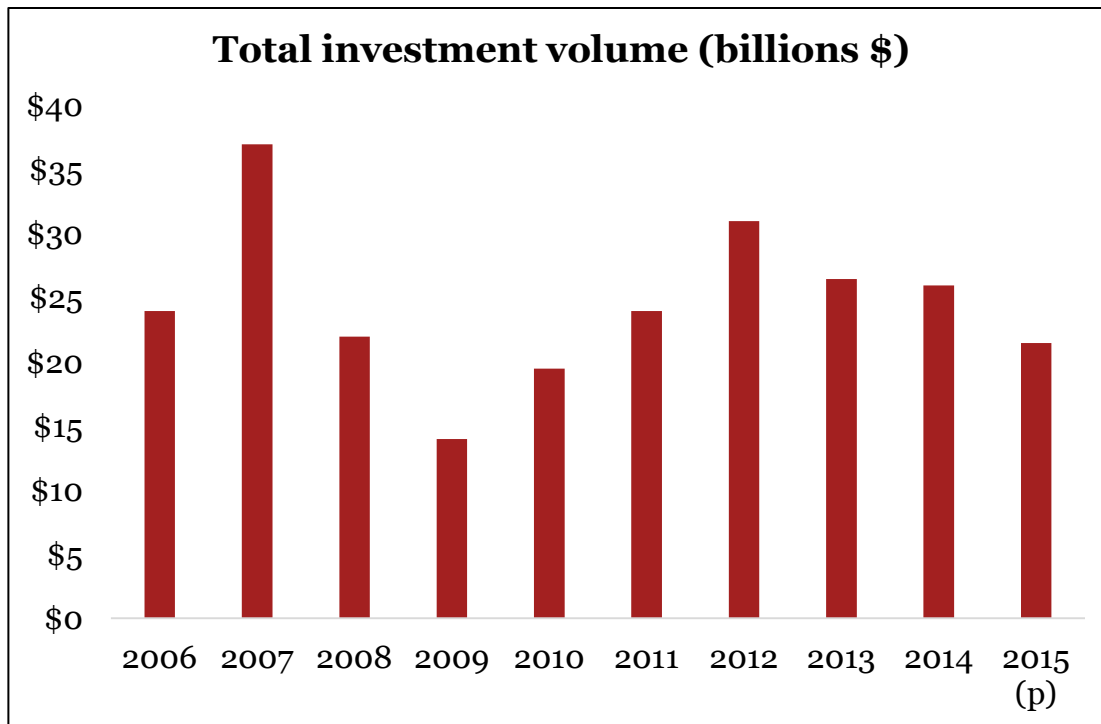
Liquidity and lack of investable assets



Source: *Emerging Trends in Real Estate 2016, Canadian respondents*

Survey respondents feel good about the market, but transaction volume is declining

Liquidity and lack of investable assets



Source: CBRE Marketview, Q2 2015

Less space per worker due to rising use of technology and new work processes

Office leasing: An evolving market

2000



253 sf per worker

2010



225 sf per worker

2020 ?



138 sf per worker

Number of workers per 1,000 sf

Source: Corenet Global, PwC

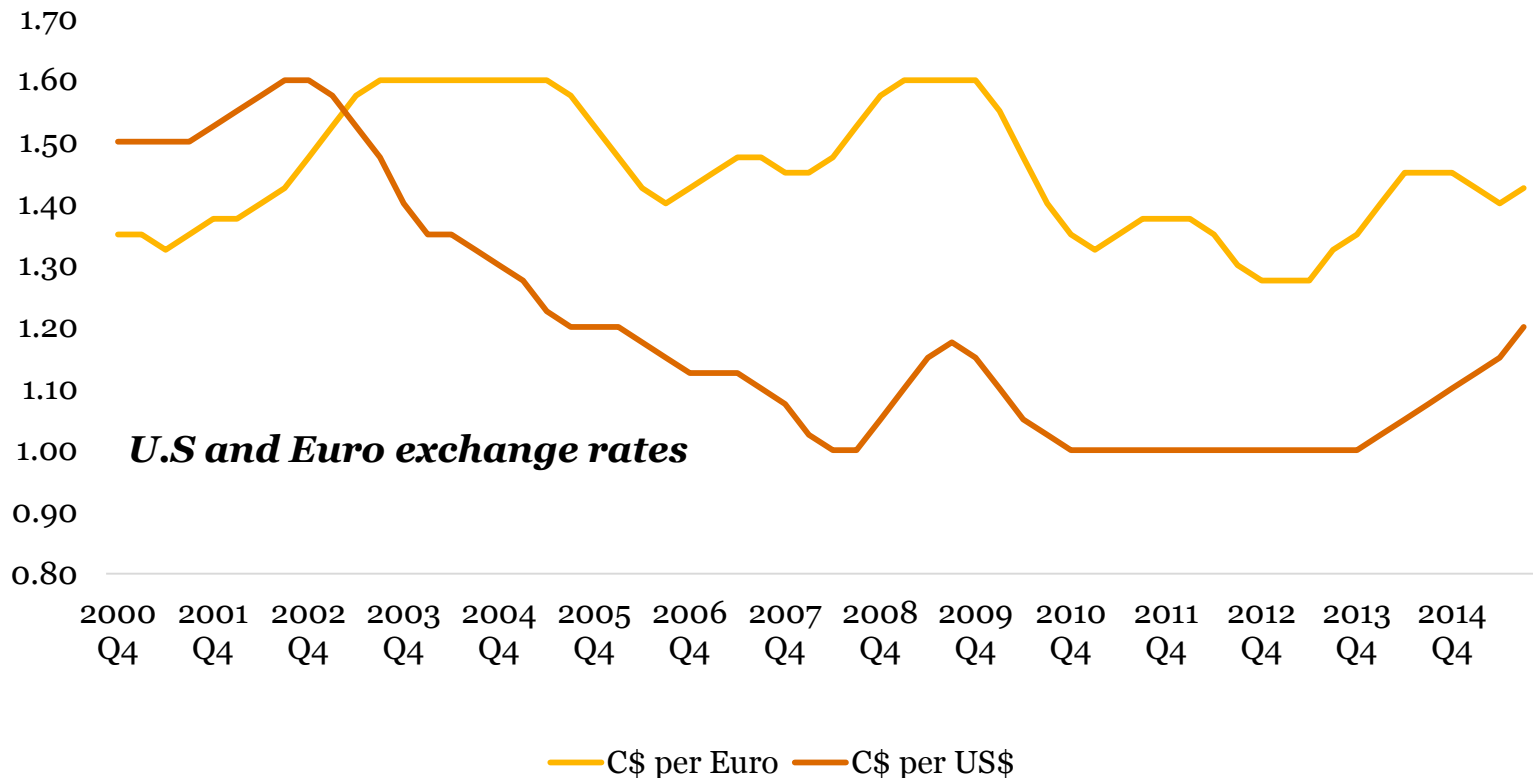
So, where does it end?

Office leasing: An evolving market



Canada is more affordable

Stronger U.S. dollar generates some optimism



Source: Haver Analytics

Net effect of lower oil prices on GDP growth

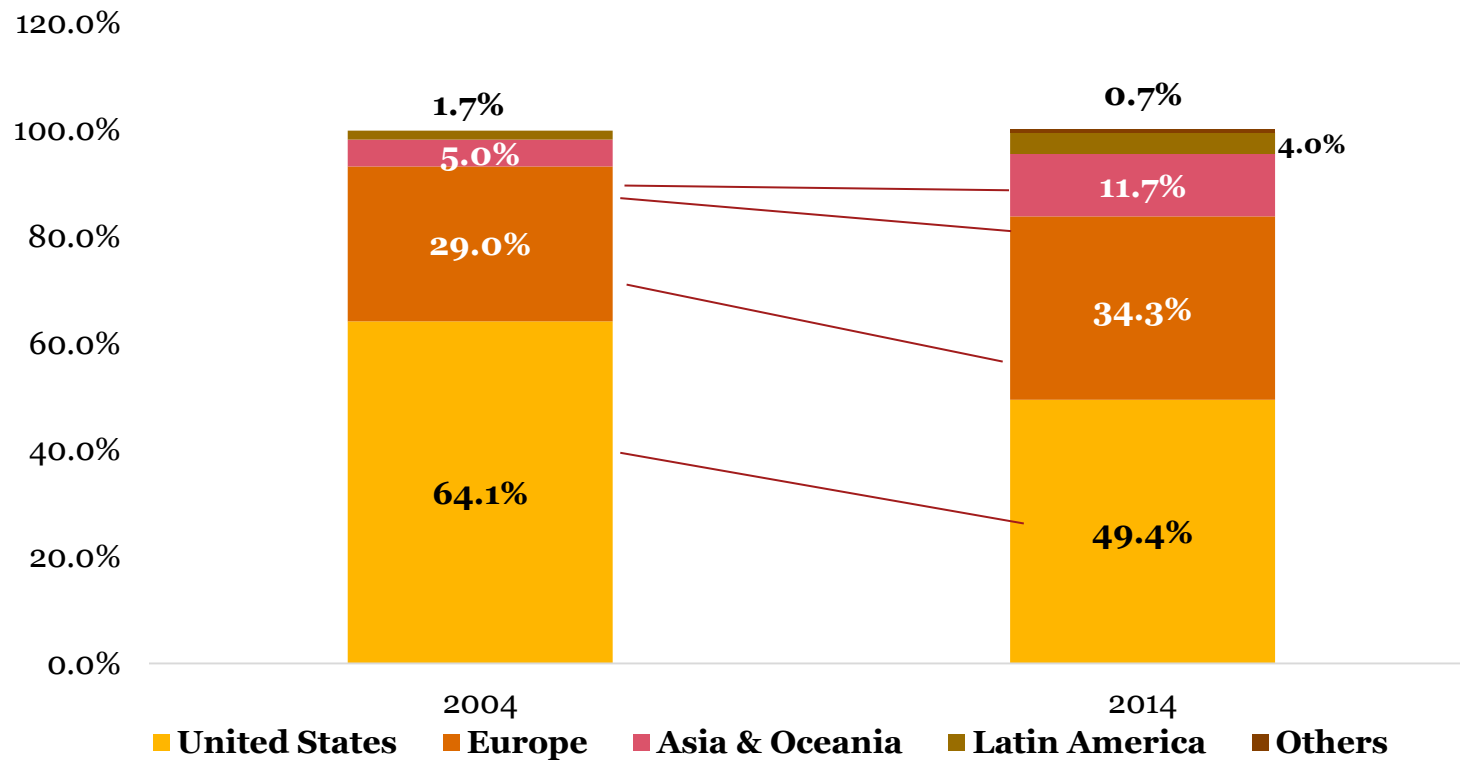
Lower oil prices: mixed impact



Source: Oxford Economics

Fixed direct investment remains strong, with impact of the U.S. declining

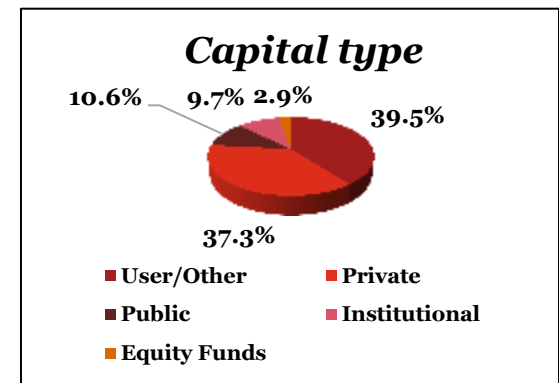
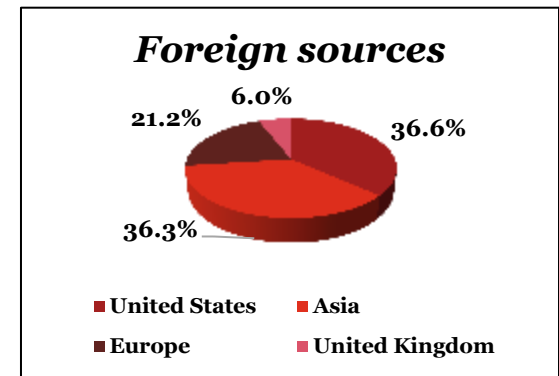
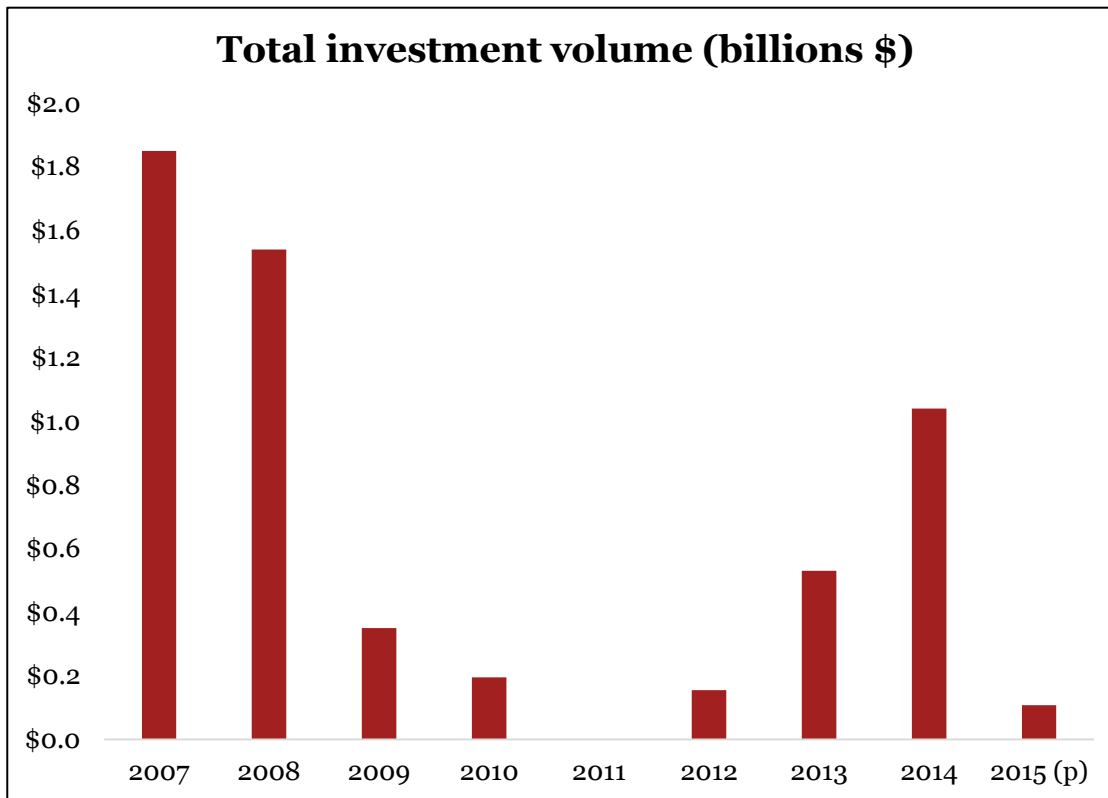
Foreign investment: Canada retains its allure



Source: Statistics Canada, April 2015

Real estate investment sees more activity from the private sector

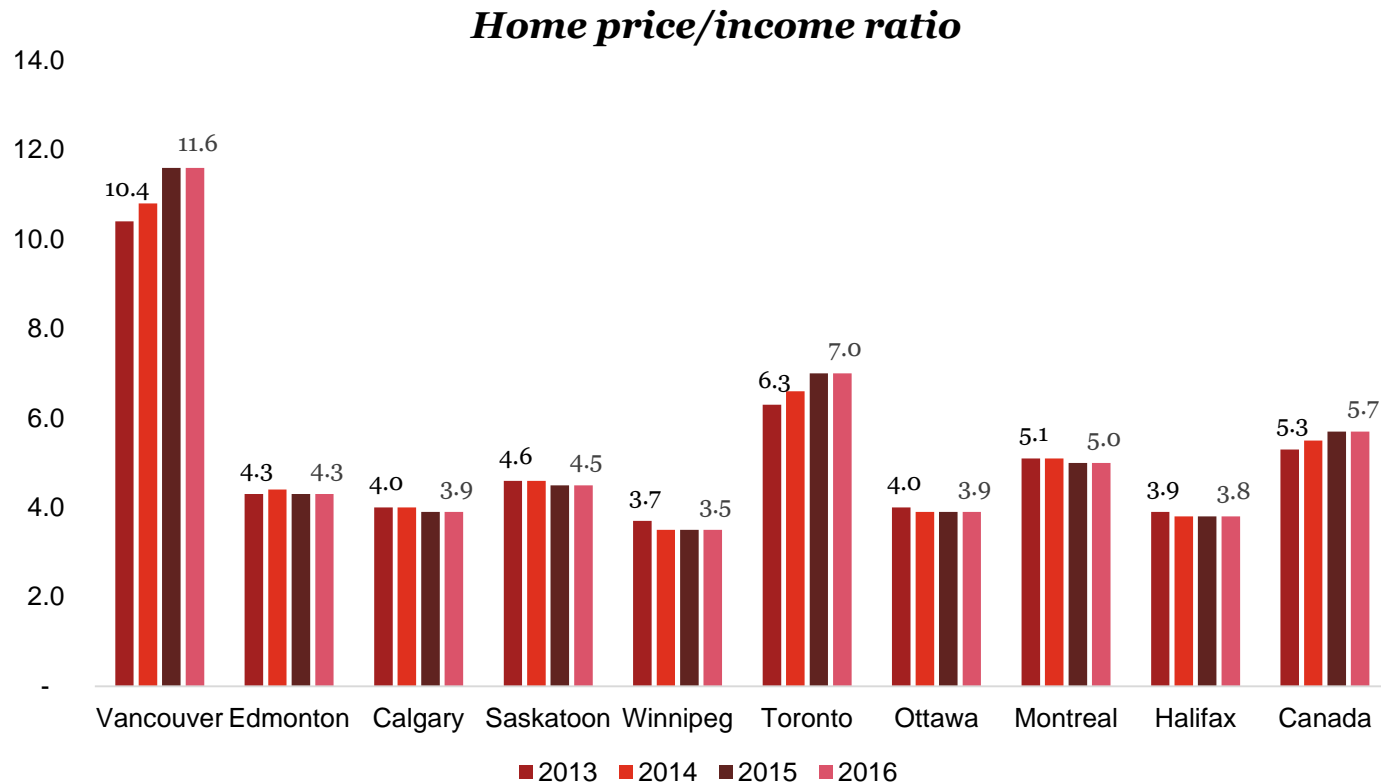
Foreign investment: Canada retains its allure



Source: Real Capital Analytics, PwC

Housing affordability varies by city

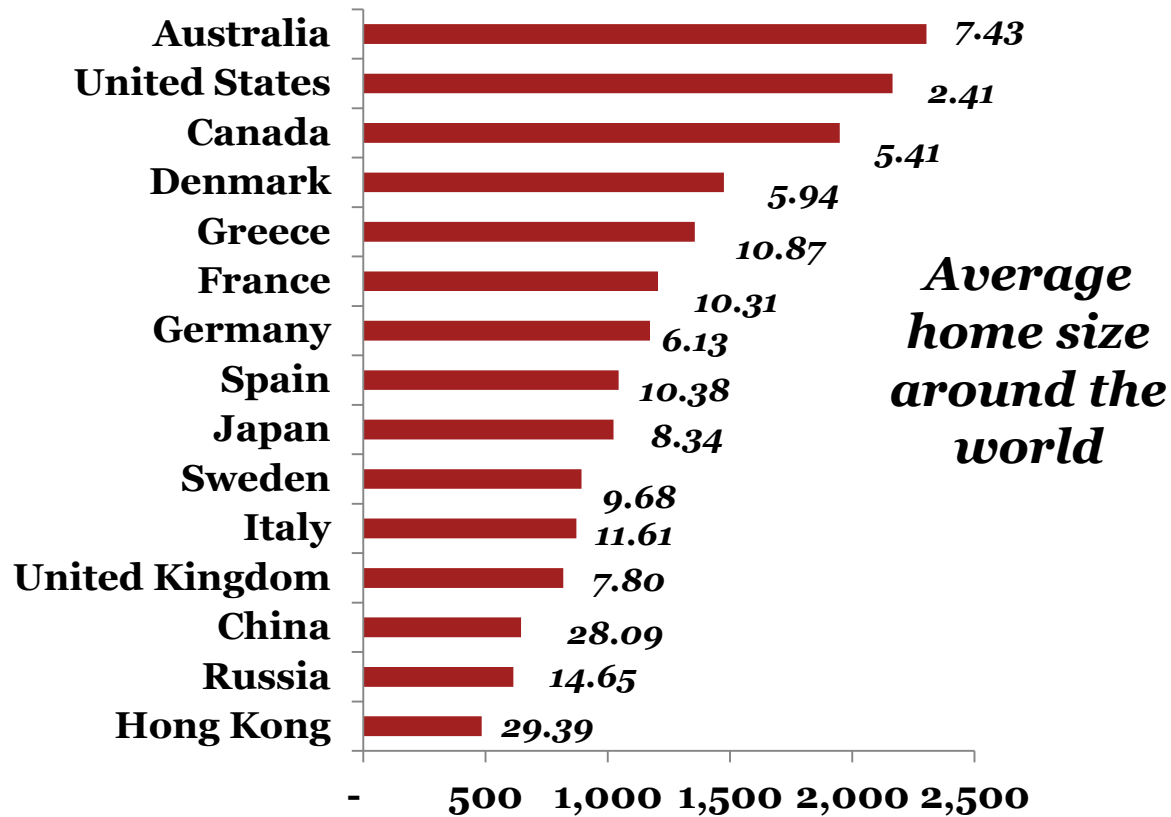
Housing affordability concerns rise



Source: TD Economics, Quarterly Regional Housing Report

Housing affordability varies by city

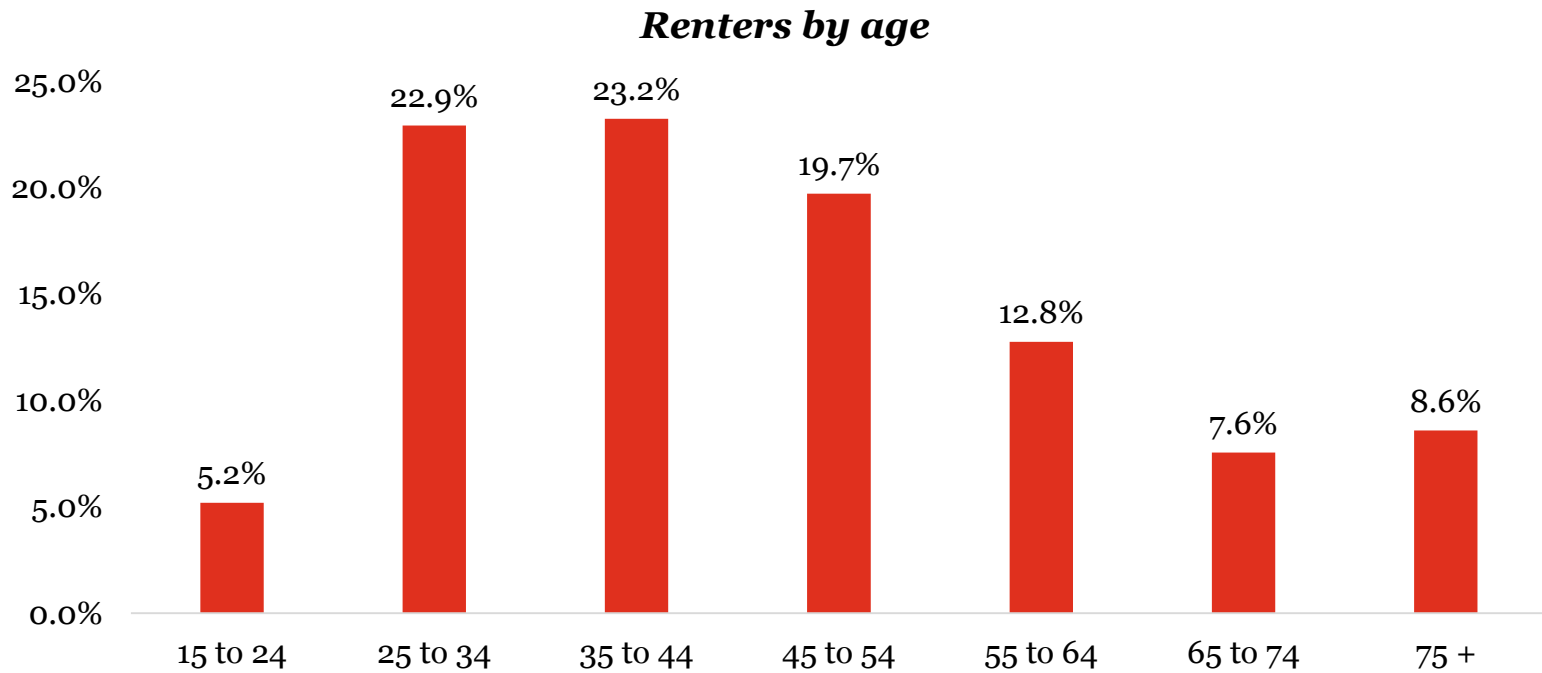
Housing affordability concerns rise



Source: CommSec, RBA, UN, US Census Bureau

Could we see a rise in older renters?

Rise of the renter



Source: Census Data, CMHC estimates

Improvements in mass transit benefit suburbs

Resilience of the suburbs

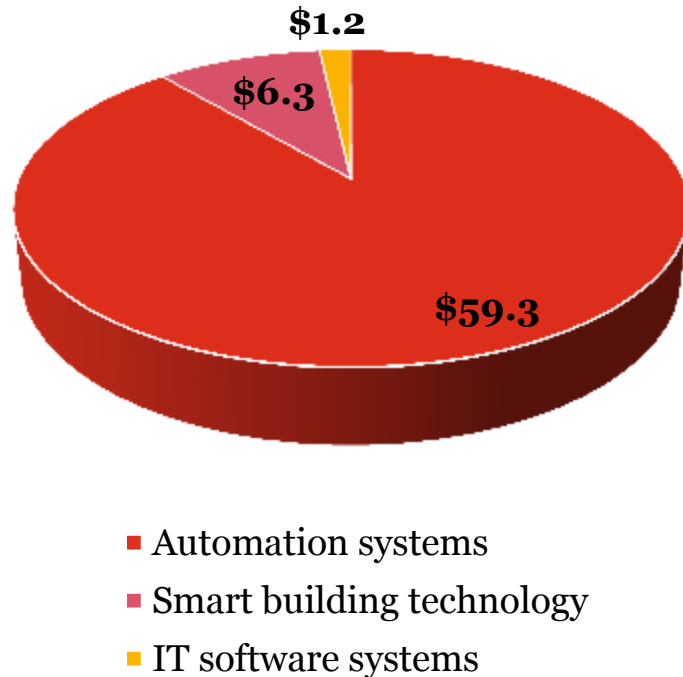


Source: Pembina Institute

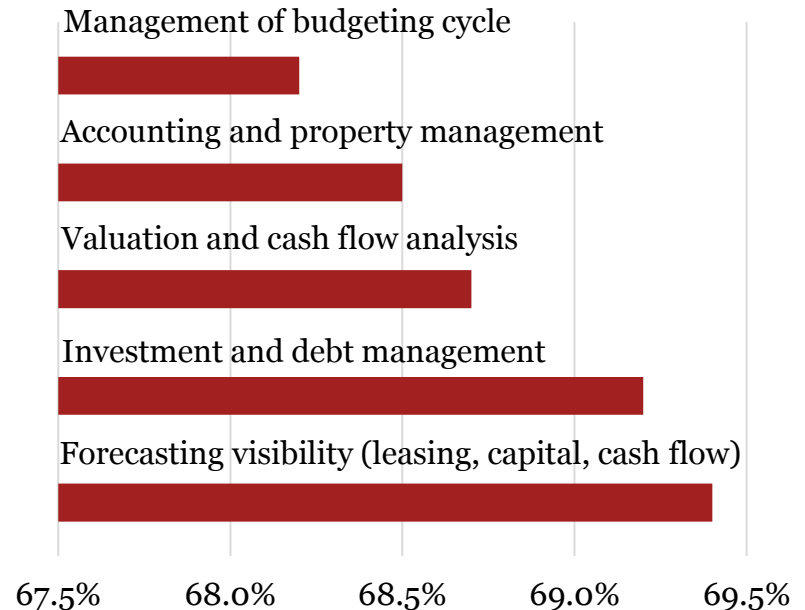
Technology spending impact on CRE

Technology creates opportunities and challenges

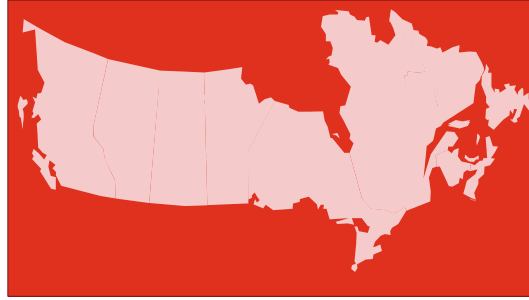
CRE global technology spending



Areas where improved effectiveness would impact investment returns



Source: Altus Group



***2016 markets
to watch***

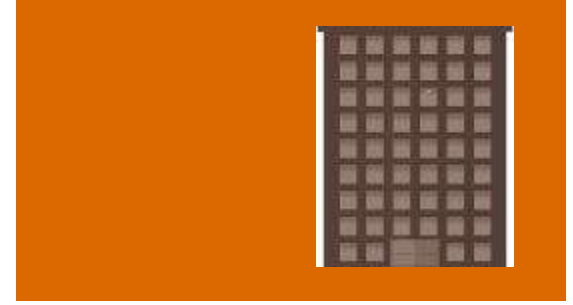


Top markets reflect cautious outlook

2016 markets to watch

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

Source: *Emerging Trends in Real Estate 2016*



Property type outlook



Outlook for all sectors improves

Property type outlook

	2014	2015	2016
Industrial/distribution	3.22	3.47	3.61
Hotels	2.46	3.43	3.45
Office	3.17	2.96	3.41
Multifamily	3.31	3.28	3.40
Retail	3.37	2.87	3.22

Source: *Emerging Trends in Real Estate 2016*

Mixed-use and destination retail

Industrial in the East, bargains in the West

Redevelopment of older properties

2016 expected best bets

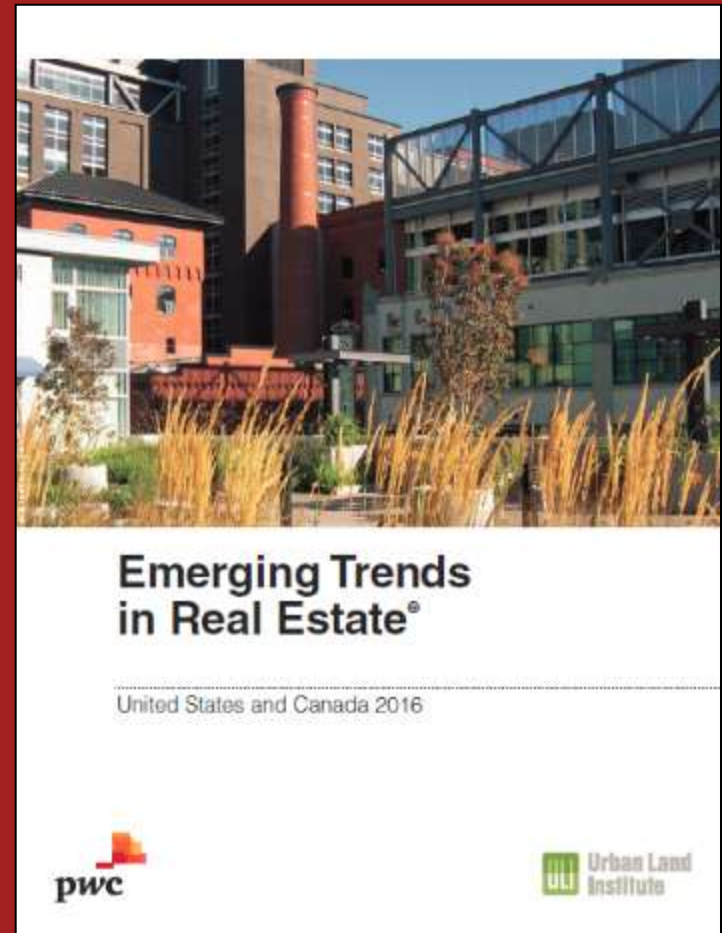
Well positioned suburbs

Condos and rental apartments

Emerging Trends in Real Estate 2016

US summary

Coordinating offense
and defense

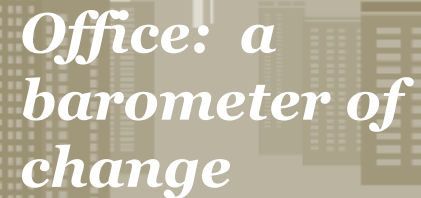




18-hour cities 2.0



Next stop: the suburbs...what is a suburb?



Office: a barometer of change

2016 Emerging Trends in Real Estate



A housing option for everyone

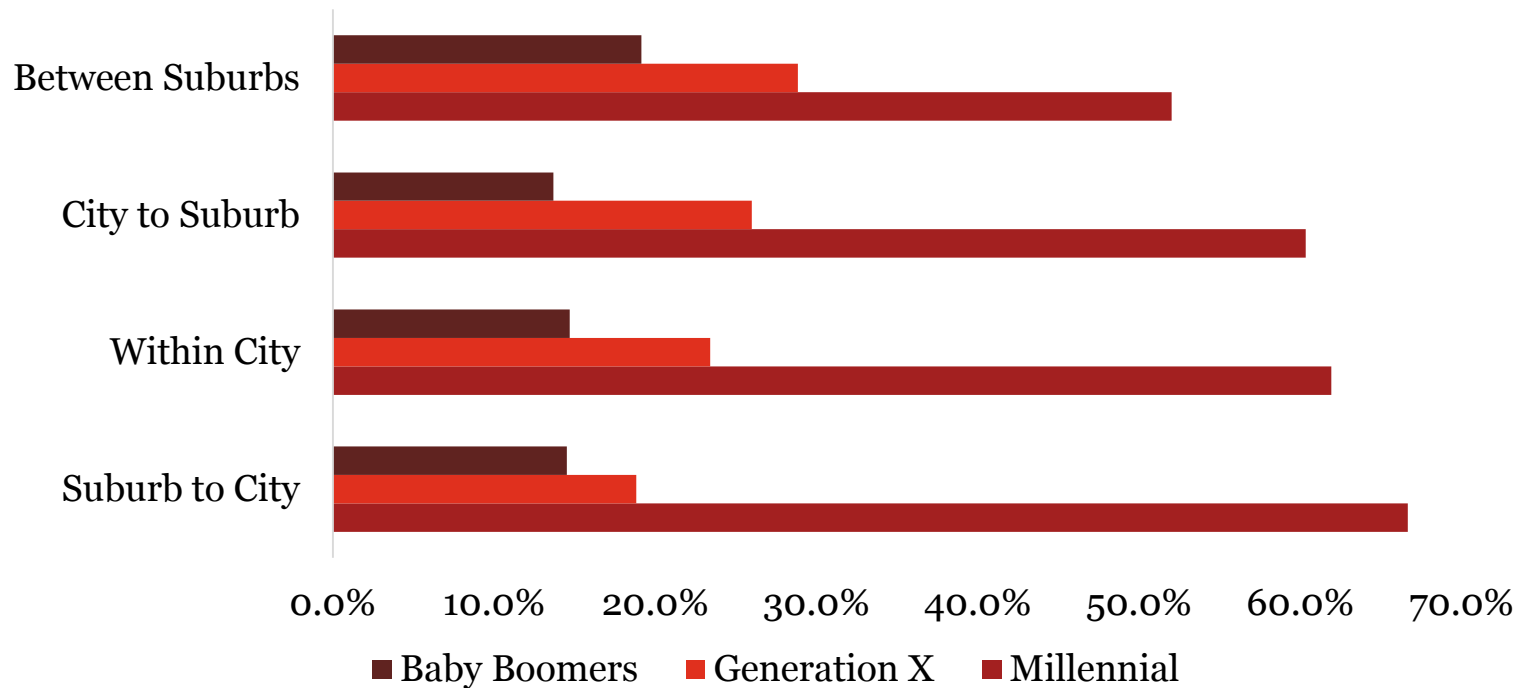


Parking for change

Generations are on the move again

Resilience of the suburbs

2013 to 2014 Metropolitan Mobility

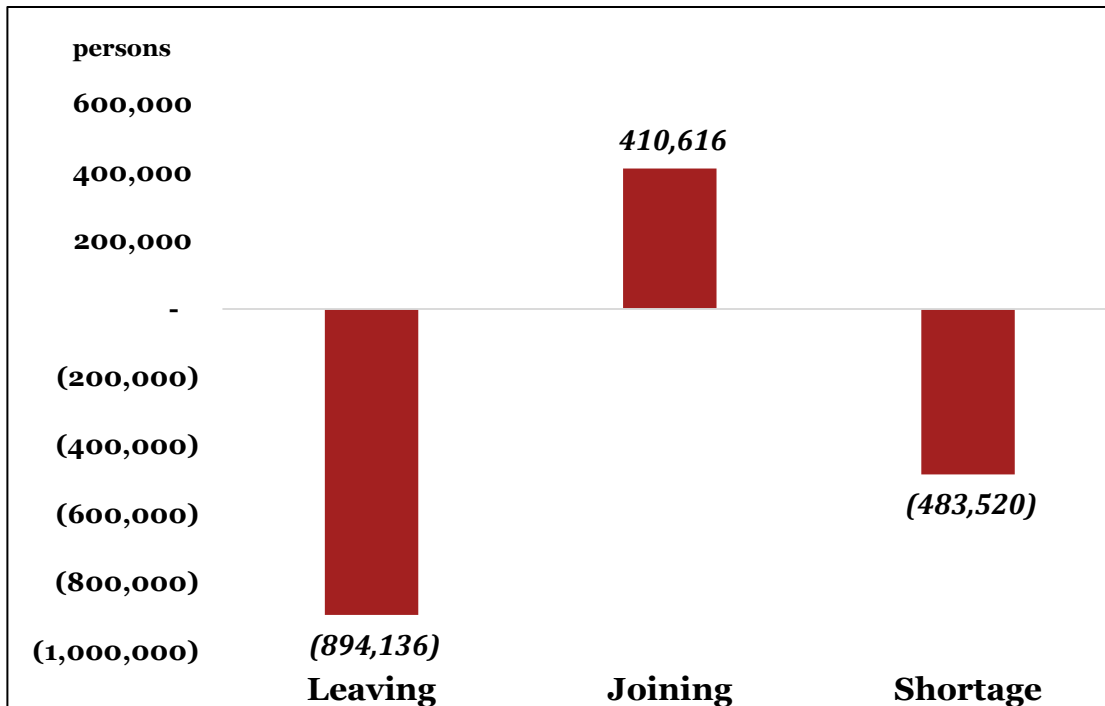


Source: US Census Bureau

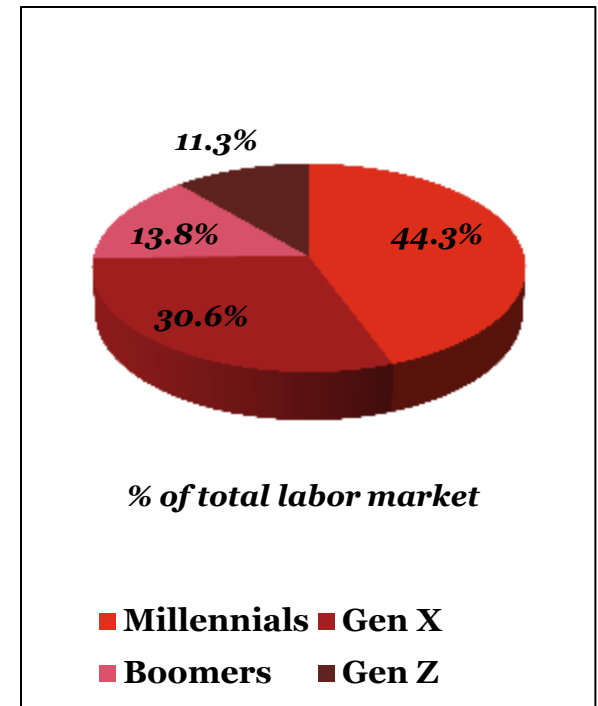
The changing face of the labor market is having an impact on who, where, and how work is being done

Office leasing: An evolving market

10-year labor force poses the question...

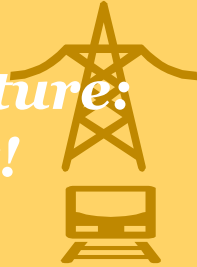


...who is in charge?



Source: U.S. Census Bureau, Bureau of Labor Statistics, PwC

*Infrastructure:
Network it!
Brand it!*



*Food is getting
bigger and
closer*



*Consolidation
breeds
specialization*



2016 Emerging Trends in Real Estate

*We raised the
capital, now
what do we do
with it?*

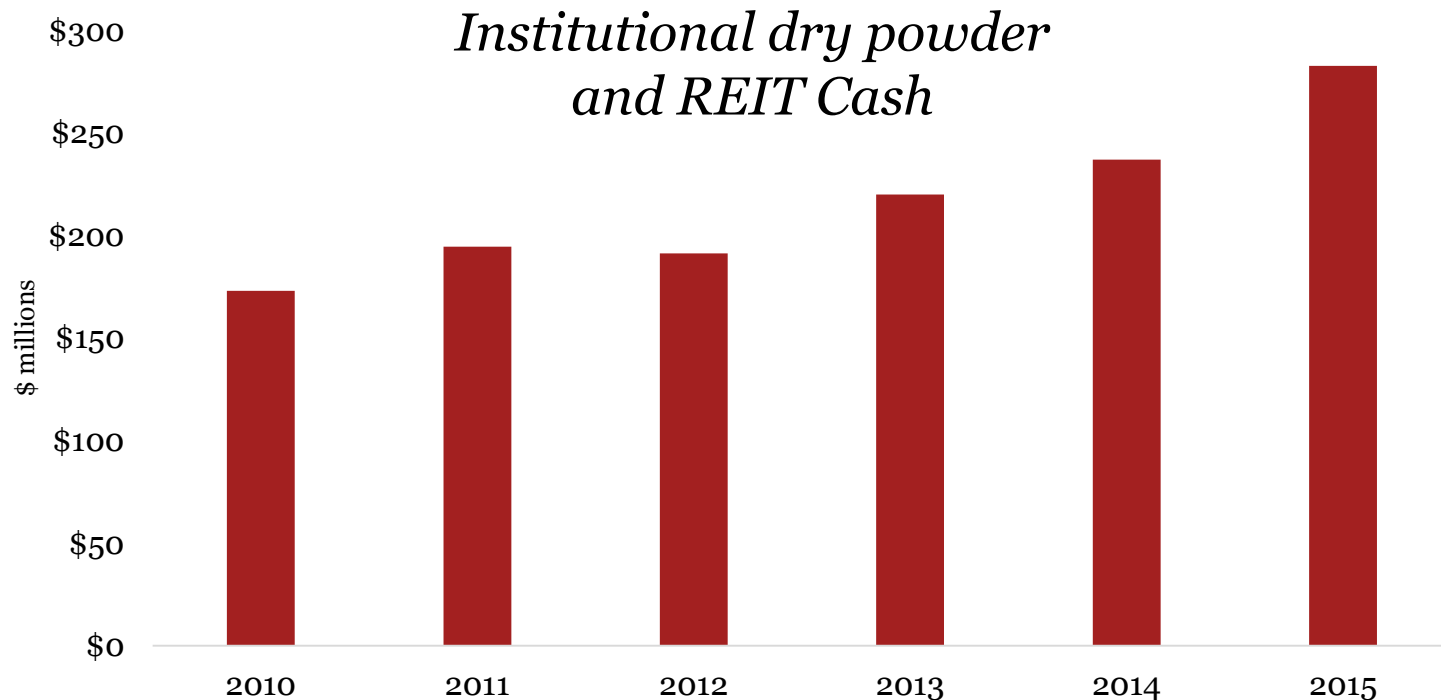


*The return
of the
human touch*



Capital waiting to be allocated continues to accumulate

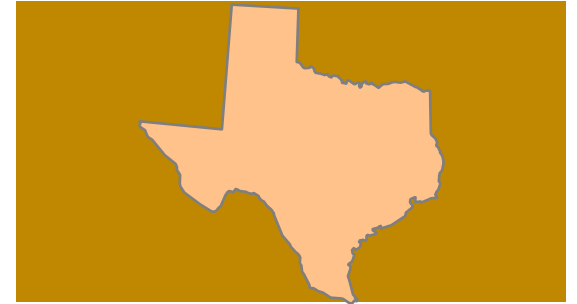
We raised the capital, now what do we do with it?



Source: Prequin, Quarterly real estate update, Q2 2015, Federal Reserve Flow of Funds

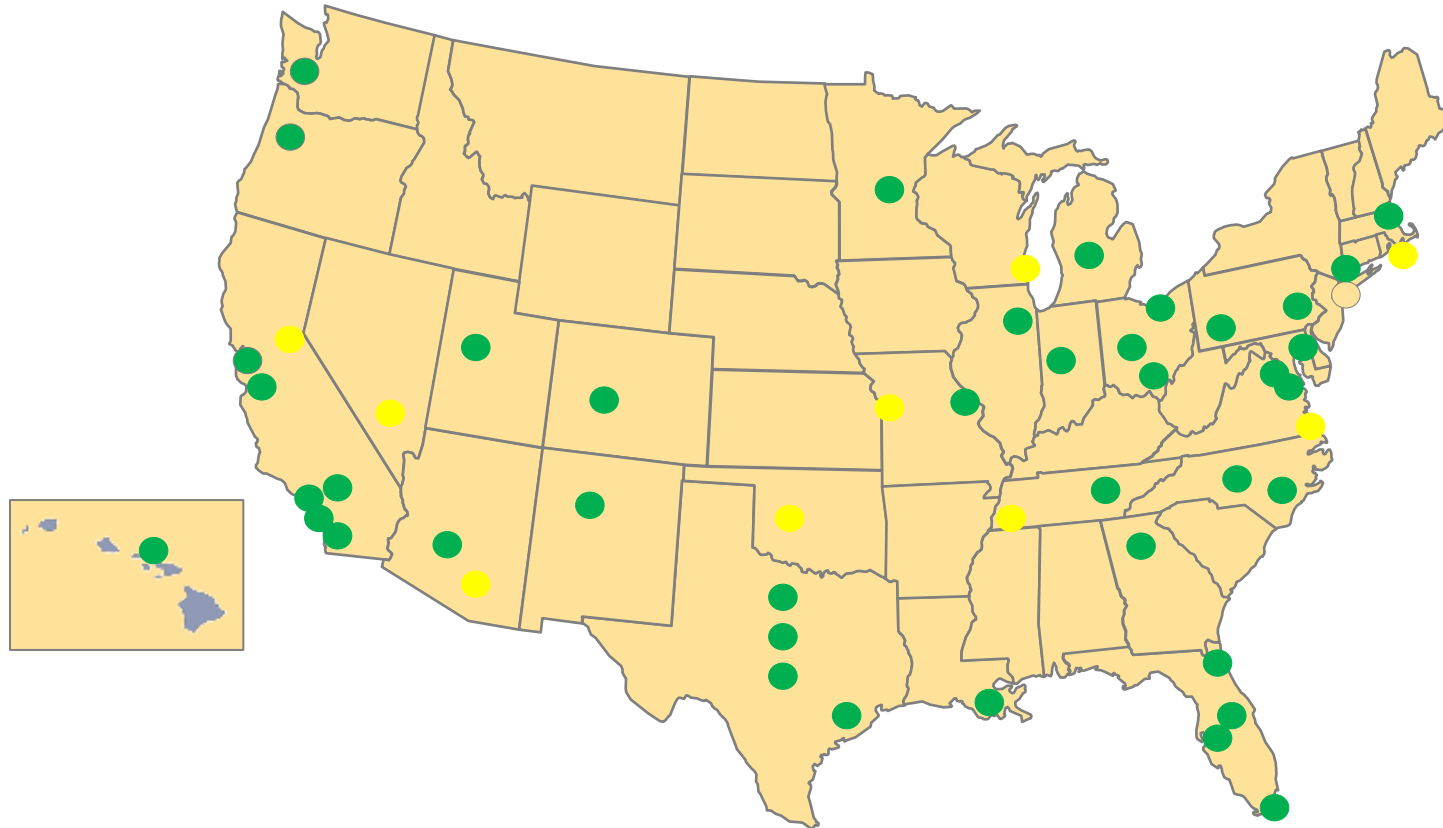


***2016 markets
to watch***



2016 markets to watch

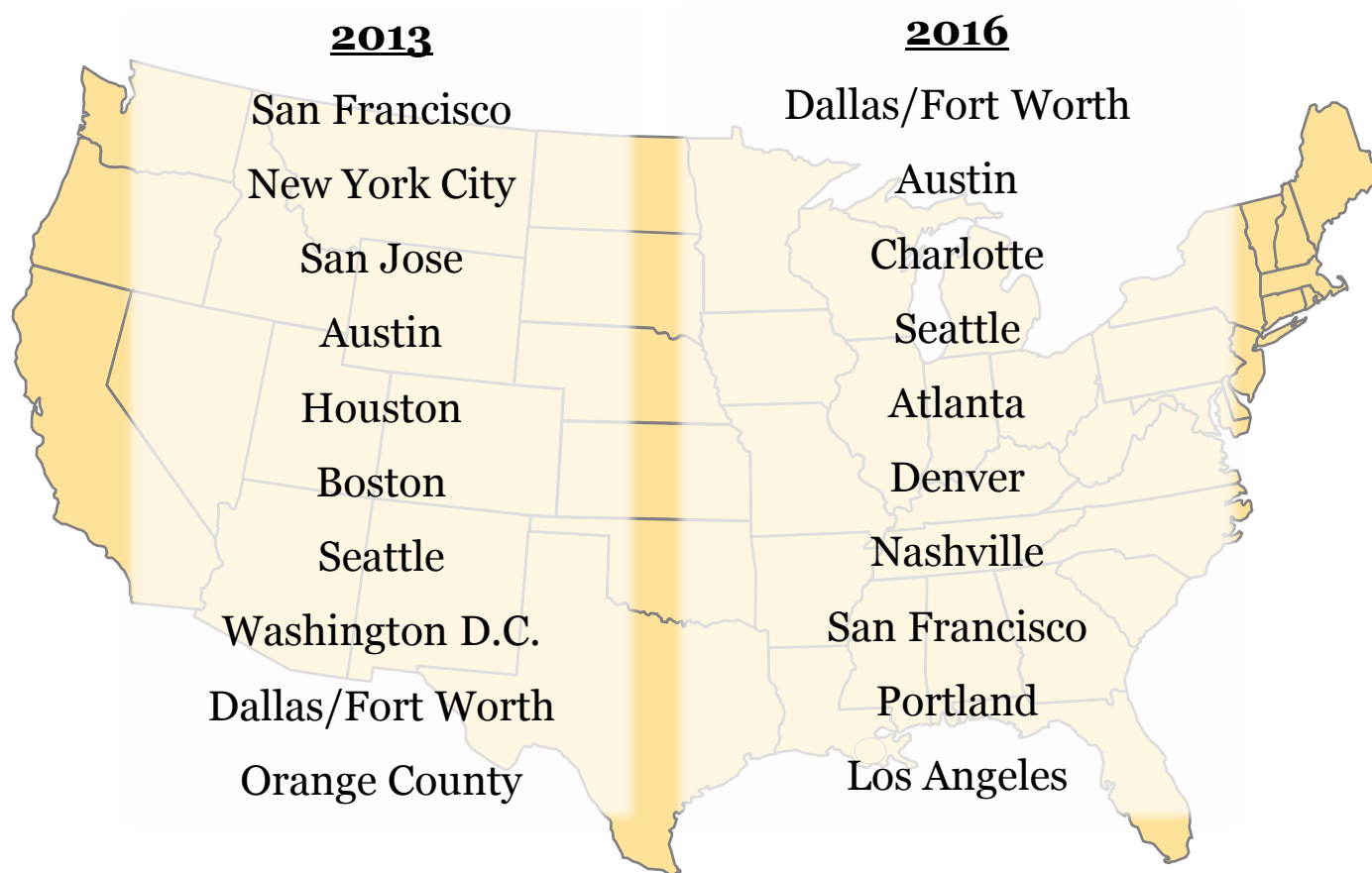
Not a red tide, but a green one!



Source: *Emerging Trends in Real Estate 2016*

2016 markets to watch

Top 10 market volatility



Source: *Emerging Trends in Real Estate 2013 and 2016*

Emerging Trends in Real Estate 2016

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