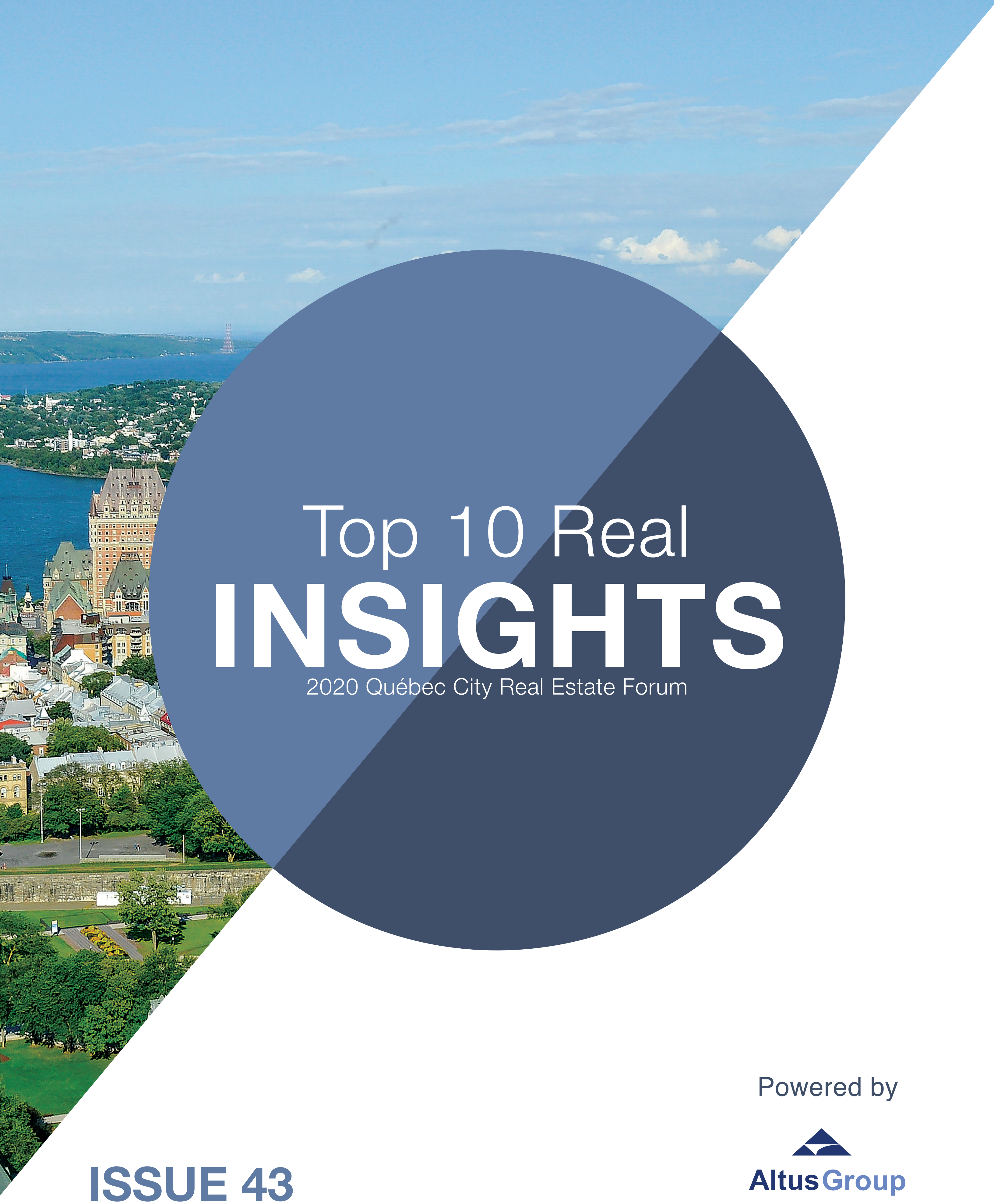

Top 10 Real

INSIGHTS

2020 Québec City Real Estate Forum

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ISSUE 43

TOP 10 | REAL INSIGHTS | 2020 Québec City Real Estate Forum | ISSUE 43

INSIGHTS FROM INDUSTRY LEADERS DURING THE CONTENT FORMATION OF QUÉBEC CITY REAL ESTATE FORUM

1 QUÉBEC ECONOMY OUTPERFORMED IN 2019 - WHAT WILL 2020 LOOK LIKE NOW?

Momentum continued into 2020 until COVID-19 Pandemic with the value of building permits increasing by 100% in January compared with the year before.

2 COVID-19 IN QUÉBEC

"We have to remember that all this is temporary. We are all in this together." - Premier François Legault

3 UNPRECEDENTED INFRASTRUCTURE SPENDING

The Québec government has earmarked a record $130.5 B for infrastructure over the next ten years.

4 TECH DRIVES DEMAND FOR OFFICE SPACE IN QUÉBEC CITY

Downtown vacancy dropped 300 bases points in 2019, unsure of what 2020 and beyond will hold with the proliferation of working from home.

5 QUÉBEC CITY FACES INDUSTRIAL SHORTAGE

The industrial market in the metropolitan region of Québec is active, but the scarcity of land in the central area's limits development.

6 MULTIFAMILY VACANCY DROPS FOR THIRD STRAIGHT YEAR, EVERYONE IS WAITING TO SEE HOW RENTAL PAYMENTS IMPACT THE MARKET AMIDST COVID-19.

Despite record number of new apartments coming on to the market, supply has not kept up with demand.

7 SIGNIFICANT DEVELOPMENTS PLANNED FOR QUÉBEC CITY

Over a billion dollars of mainly residential development was in the pipeline – waiting to see what happens in the second half of 2020 with these projects.

8 NEW TENDS GALVANIZE RETAIL SECTOR

Brands are 'raising the experience bar' while REITs continue to explore intensification of their properties. COVID-19 has the potential to revolutionize the retail space, the full impact will not be visible for some time.

9 COMMERCIAL REAL ESTATE SLOWLY EMBRACING AI

AI's potential impact on the global economy could exceed US$15 trillion, PwC forecasts.

10 LION'S SHARE OF CANADA'S NEW SENIORS HOUSING BUILT IN QUÉBEC

Vacancy edges up marginally to 7.2% despite 42% of new supply in the last five years located in Québec.

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1. QUÉBEC ECONOMY OUTPERFORMED IN 2019 - WHAT WILL 2020 LOOK LIKE NOW?

Momentum continued into 2020 until COVID-19 Pandemic with the value of building permits increasing by 100% in January compared with the year before.

The Coalition Avenir Québec government tabled its second budget on March 10 which provides a surplus of $2.7 B that could be used to cushion any unforeseen blows from the virus, Finance Minister Eric Girard said.

At that time the budget also includes an increase of $15.1 B in infrastructure spending over the next 10 years, bringing the total to $130.5 B.

GDP grew by 2.8% in 2019, up a full percentage point from what Girard had forecast this time last year.

The budget reported that 77,700 jobs were created in 2019, and the provincial unemployment rate ended the year at 5.1%. We will have to see how 2020 plays out to see the true and full impact of the COVID-19 pandemic.

In February 2020, the unemployment rate in the Québec City CMA was the second-lowest of Canada's major cities at 4.1%. The national rate was significantly higher at 5.6%. March numbers have not been released yet but we assume a large rise due to the social distancing measures put in place.

The construction industry in the capital also continued to run at full speed. The value of permits issued by Québec City reached a record high of $1.5 B in 2019, breaking the previous year's record of $1.3 B. With construction projects stalled in 2020, we will need to see when projects can ramp up again and continue the pace that was before.

Significant non-residential projects contributing to the total were the Medicago vaccine research and production center in the D'Estimauville sector ($245 M), the Biomethanization Center ($190 M) and the Ice Center in Sainte-Foy ($68.7 M).

This momentum has carried into 2020. In January, the value of all building permits in construction and renovation in the residential and non-residential sectors, reached $68 M, an increase of 100% compared to the same period last year, again we will need to see how 2020 evolves to see what a rebound looks like.

Non-residential spending has been growing at a faster pace in Québec compared to the rest of Canada, according to TD Bank prior to the pandemic, and will be interesting to see how that returns when we return to "normal".

Québec City has been recognized internationally as one of the top cities to relocate to.

The German website Movinga has just released a worldwide ranking of "cities of opportunity," particularly for families looking to move in 2020. Three Canadian cities made the list of top 10 best cities in the world for families. Québec City came in at #2 after Helsinki. Montreal also made the list coming in at #9. Calgary came in 8th.

The study considered 150 international cities and compared them based on 16 factors, including housing affordability, living costs by income, unemployment (%), education, safety, mobility, air quality and healthcare. Once this pandemic has slowed and resolved, we are eager to see the revised list which will likely be weighted towards cities and countries that had favourable responses to the crisis. Going forward, we see a strong focus on health and safety being calculated into the rankings.

2. COVID-19 IN QUÉBEC

"We have to remember that all this is temporary. We are all in this together." - Premier François Legault

On March 23, the provincial government ordered a stop to all non-essential, face-to-face business until April 13.

The Coalition Avenir Québec was criticized for not addressing the potential impact of COVID-19 in its recently tabled budget for fiscal 2020-2021.

However, the Premier said Québec has a $14 B stabilization reserve in place for such crises and will dip into it if necessary, to stimulate the economy.

Since then, Québec has committed at least $2.5 B to help companies overcome liquidity problems caused by the pandemic.

Emergency measures to help companies replenish their working capital will include loans and loan guarantees, Economy Minister Pierre Fitzgibbon said. All industries are eligible for the emergency program. Low-interest loans and loan guarantees of at least $50,000 will be offered, he said.

The Québec company Medicago obtains $7 M in financial assistance from the Québec government to help it develop a vaccine against COVID-19.

The company announced on March 12 that it had successfully produced a candidate vaccine for the novel virus.

The provincial government's assistance will allow Medicago to conduct preclinical studies before possibly launching tests on people.

In its March 2020 Provincial Economic Forecast, TD Bank has stated that the virus will be a significant but temporary drag on Québec's economy and will bump up the province's low jobless rate.

Québec's tourism industry is especially vulnerable while travel bans remain.

TD is forecasting slower growth this year but states that "Québec's economy should still outperform the rest Canada, owing to a healthy starting position prior to the spread of the virus."

The unemployment rate was at an all-time low in February (4.5%) and wages were growing at a rapid 4.1% pace.

In a press released dated March 18, the Québec Professional Association of Real Estate Brokers stated that that the solid foundation of the province's real estate market will mitigate the impact of COVID-19.

"Although the impact of COVID-19 is still difficult to measure, real estate can rely on fundamental factors to recover," said Charles Brant, the QPAREB's Director of Market Analysis. "Favourable population growth, an employment level that is high enough to withstand a temporary economic shock and low interest rates are among the factors that work in favour of the real estate market."

3. UNPRECEDENTED INFRASTRUCTURE SPENDING

The Québec government has earmarked a record $130.5 B for infrastructure over the next ten years.

The CAQ government announced a record high infrastructure budget in its latest budget released in March and said that it "will go down in history as the most ambitious plan ever presented." We will have to see how that pans out considering the current upheaval.

In total, the government intends to spend $130.5 B over the next 10 years under its 2020-2030 Québec Infrastructure Plan. This is an increase of $15 B over last year's budget. The money will be spent mainly on four priorities: education, public transit, health and culture. We will be looking to see if there is a redistribution to health over the near to long term as this pandemic and the impacts sink in.

As of February 2020, some of the major infrastructure projects occurring in and around Québec City follows.

New Integrated Health Care Centre

Construction continues on the new *Centre hospitalier universitaire (CHU) de Québec-Université Laval* hospital complex project.

About 290,000 sq. ft. of the over 1,000,000 sq. ft. of existing space is being redeveloped, while another 248,000 sq. ft would be replaced by 1.94 M sq. ft. of new space.

Ultimately, the area of the CHU de Québec would cover more than 2.8 M sq. ft.. The complex will have approximately 2,600 parking spaces. In the treatment units, there are more than 500 individual rooms out of a total of 700 beds.

Phase 1 of the project, which is under construction, includes the construction of the Integrated Cancer Center, the construction of a new thermal power plant and a generator building. Delivery of this phase is scheduled for December 2020, however, we anticipate a delay may occur.

Phase 2 will first involve the construction of a critical care ward that consolidates emergency rooms, operating theatres, intensive and intermediate care units, and the associated technical platforms in functional spaces. It will also include the oncology basic research facility, lodging facilities and the redevelopment of the Hôpital de Enfant-Jésus. Phase 2 is scheduled to be completed at the end of 2025 and would be a much-valued addition.

The entire project represents a total cost of approximately $1.967 B - $652.4 M for phase 1 and the remainder of $1.315 for phase 2.

Québec City Tramway

First announced in 2018, the tramway is scheduled to start running in 2026. The city anticipated that it will help take up to 12,500 cars off the road every day.

The electric tram network is expected to cost $3.3 B to build, with contributions coming from the federal, provincial and municipal governments. The network will cover 23 kilometres and include two underground sections, carrying commuters from Charlesbourg to Sainte-Foy.

The money will also fund improvements to the current Métrobus lines, build 16 kilometres of dedicated bus lanes and four new park-and-ride lots.

Québec City will add another 7 bus lines to their network and open a new 'trambus' - an articulated electric bus route that will run the 15-kilometre east-west portion of the lower city.

Laurentia

The Québec Port Authority (QPA) is building a new $775 M container terminal on the north shore of the St. Lawrence River that will be the most environmentally and technologically advanced cargo-handling facility in North America.

The QPA says the Laurentia expansion is necessary because the existing port is operating at full capacity, and it has to expand its business to maintain its current infrastructure and compete with other ports on the eastern seaboard of North America.

The project will require a 1,476 foot eastward extension of the port's wharf, the addition of two deep-water berths and the development of a 42-acre handling and storage area. When the five-year construction period is complete, the port will be able to handle up to 500,000 containers a year.

According to a study from KPMG, for the construction phase alone, the project will generate $500 M in economic benefits and an average of 1,267 jobs a year. Ultimately, the project will generate $84 M in economic benefits a year and will create nearly 800 jobs, including 500 direct ones, in Québec.

Construction of a 'Third Link'

There is a new plan for the 'third link' connecting the downtown cores of Québec City and Lévis and is supported by the mayors of both cities.

The updated plan is for a 9 km tunnel that would connect Highway 20 at Monseigneur-Bourget Street on the south shore and the Québec City neighbourhood of Saint-Roch, at the baseball stadium, Stade Canac.

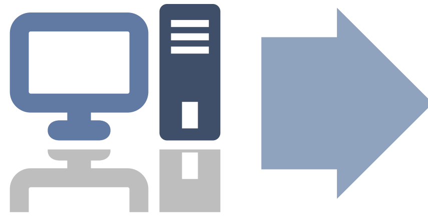
The proposed tunnel will include two driving lanes in each direction, as well as designated lanes for electric buses. The project, once complete, would have seven public transportation stops along the line.

Québec Transport Minister François Bonnardel said he intends to stick to the construction schedule originally announced, with shovels in the ground by 2022.

4. TECH DRIVES DEMAND FOR OFFICE SPACE IN QUÉBEC CITY

Downtown vacancy dropped 300 bases points in 2019, unsure of what 2020 and beyond will hold with the proliferation of working from home.

Technology has become one of the most important drivers of office space demand in the country.



Across Canada, the tech industry has accounted for **17.1%** of major office leasing activity since the start of 2018.

Tech growth is driving demand for office space in secondary markets as well. As tech talent in major tech markets is in shorter supply than ever, tech companies are looking to hire in new tech markets, according to CBRE.

"Some of the larger players out there who are just desperate to find really good, young tech talent are beginning to realize that there's an untapped pool of talent in smaller markets right across the country," CBRE Canada vice-chairman Paul Morassutti told RENX.

In Québec City, downtown vacancy decreased by almost 3% year-over-year to 6.8% in Q4 2019, Altus Group reports. Asking rental rates for Class A office space increased to $14.33 per sq. ft. in 2019 which was an increase of 6% year-over-year. Very little new supply is in the development pipeline.

At 6.9%, the technology industry employs a significant percentage of the labour pool in Québec City – the fourth highest concentration among Canada's major cities, according to Statistics Canada.

Québec City also has very low operating costs compared to other cities when you combine office rents and wages, CBRE illustrates in their Tech Talent Report.

In 2019 there were significant office lease deals done for the following tech firms:

- IngeniArts Technologies Inc. leased 16,100 sq. ft. at 1065 Lescarbot St.
- UEAT leased 15,000 sq. ft. at 1130 Charest Blvd W.
- Qohash leased 4,500 sq. ft. at 420 Charest Blvd E.

Rakuten Ready announced in February the expansion of its presence in Québec by opening its new 6,000 sq. ft. office.

Ubisoft has plans to invest $9 B in Québec by 2027, helping turn Canada into a global leader in the production of video games. Ubisoft employs about 4,000 people in the province, and has trained 12,000 people since it arrived two decades ago.

5. QUÉBEC CITY FACES INDUSTRIAL SHORTAGE

The industrial market in the metropolitan region of Québec is active, but the scarcity of land in the central area's limits development.

Canada's industrial vacancy rate ended in 2019 at a record low of 2.0%, Altus Group reports

Accelerating e-commerce is driving the demand for industrial space. More than 60% of Canadians will have shopped online in 2019, compared with 43% in 2013, according to a report released at the beginning of 2020 by the Business Development Bank of Canada. With the current social distancing measures, it will be very interesting to see how much the adoption has increased.

Consumers also want faster delivery times, which means retailers have to improve logistics and find warehouse space close to major centres in order to remain competitive.

Online shoppers were willing to wait 4.1 days for paid shipping deliveries in 2018, down from 5.4 days two years earlier, according to an e-commerce study by Canada Post.

Amazon recently announced plans to open its first distribution centre in Québec in time for the holiday season in 2020, again we are waiting to see if this is still achievable under the current social distancing environment.

The Lachine facility will be Amazon's first major site east of Ottawa, RENX writes. The company has five fulfillment centres in Ontario – four in the Greater Toronto Area, plus one in Ottawa – and announced the sixth Scarborough in the GTA. It also has sites in Alberta and British Columbia.

Paul Morassutti, vice-chairman of CBRE said the shift to e-commerce in retail has been a great tailwind to the industrial sector, with rents and values going through the roof. The impact of storefront retail and malls being temporarily closed will also impact this shift in many significant ways.

"As a result, the requirement to get that product into consumers' hands that quickly means that you need more facilities, you need bigger facilities, you need facilities with higher clear height, better internal systems so that you can use every cubic inch of that building as efficiently as possible".

In Québec City, the availability rate for industrial products rose from 1.1% in 2018 to 2.3% in 2019, CBRE reports.

According to the company, almost 50% of Québec City's industrial spaces are owner-occupied. The other half is rental space with an availability rate of about 2%. The limited supply of industrial buildings is driving up net rents, which range from $7.50 to $9.50 per sq. ft., higher than in the Greater Montreal Area which averaged $6.59 per sq. ft. in 2019.

With the market's availability which before COVID-19 was expected to hover around 2.0% in 2020, the city will begin to explore options aimed at solving issues around the current scarcity of developable land and lack of industrial product. This will include completing feasibility studies targeting lands near the airport, as well as evaluating and earmarking existing industrial parks for potential redevelopment – CBRE.

Simons' new 1.1 M sq. ft. fulfillment centre was scheduled for delivery in early 2020.

The new facility is expected to use automated equipment and technologies that will give Simons the power to process roughly 15,000 orders an hour and ship more than 40 million units a year, doubling its current handling capacity, the company says. It is expected to open in 2020 at a total project cost of $215 M.

Simons took on outside investors to build the new facility.

The Caisse de depot et placement du Québec invested $27 M, while Investissement Québec put in $17 M. The Québec government provided an $81M term loan, most of it for the purchase of equipment for the new distribution facility. Labour fund Fonds de solidarité FTQ contributed $20 M through a real estate partnership with Simons for land purchase and construction.

6. MULTIFAMILY VACANCY DROPS FOR THIRD STRAIGHT YEAR, EVERYONE IS WAITING TO SEE HOW RENTAL PAYMENTS IMPACT THE MARKET AMIDST COVID-19.

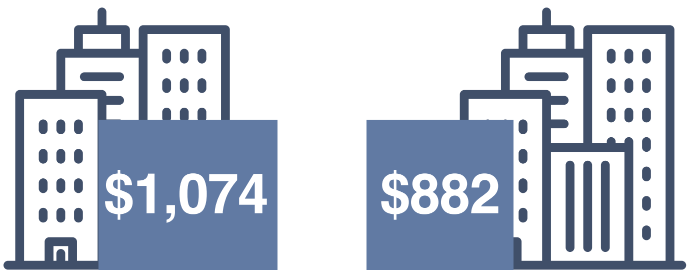
Despite record number of new apartments coming on to the market, supply has not kept up with demand.

Overall vacancy dropped significantly in 2019 to 2.4% from 3.3% in 2018. This was the third straight year that demand outpaced supply, CMHC reports.

As a result, rents nudged up 1.9% to an average of $837 which was a slightly faster increase than in the last few years (1.3% on average annually from 2014 to 2018).

In 2019, 15.6% of the condominium stock was offered for rent, which represents about 5,500 units. Vacancy for rental condominiums dropped from 2.5% to 1.4% between 2018 and 2019.

Rental condos command significantly higher average rent - $1,074 for two-bedroom apartments compared with $862 for a two-bedroom in a purpose-built rental unit in 2019.



Rental condos vs purpose-built rental unit

Growth in full-time employment in the Québec area over the past three years has attracted and retained new residents and has fostered the creation of new households driving overall housing demand, CMHC states.

In addition, the agency reports, demographics have played an important role in supporting the demand for rental housing.

The proportion of renters among younger households has risen in recent years. The region's net migration has been significantly higher over the past two years, generating increased demand for housing. Lastly, the acceleration in the aging of the population is fuelling rental demand as more households aged 65 and over are likely to choose a rental apartment.

On the supply side, nearly 2,600 new purpose-built units were completed in 2019, an increase similar to the record levels of the previous two years.

The supply of new rental units will continue to grow with a number of large developments in the pipeline for Québec City and its surrounding areas.

COVID-19 and the incredible pace of unemployment and social distancing measures are changing the landscape for multi-residential tenants and landlords on a daily basis.

7. SIGNIFICANT DEVELOPMENTS PLANNED FOR QUÉBEC CITY

Over a billion dollars of mainly residential development was in the pipeline – waiting to see what happens in the second half of 2020 with these projects.

Quartier Mosaïque

Kevlar, Construbourg and Groupe Patrimoine announced the development of Quartier Mosaïque, a $750 M development on a 900,000 sq. ft. parcel of land in Lebourgneuf that was bought from the city.

The project is to have 2,200 housing units in 11 towers divided between condos, rental apartments and seniors housing. Towers will range between eight and 14 storeys and contain 555 seniors' units, 485 condo units and 1,150 rental apartments.

René Bellerive, president of Kevlar, said Québec City has an aging stock of rental apartments and many people are looking for more modern and smaller apartments.

Average rentals at Quartier Mosaïque will be $1.70 per sq. ft., while condos will sell for $350 per sq. ft., before taxes.

Services at the development will include outdoor heated pools, lounges, exercise rooms, billiards and ping pong tables. The development will also have a commercial and a green space component.

Cocité Lévis

Groupe Humaco plans to begin construction in spring 2020 (which will now most likely be delayed) on its Cocité Lévis project in Lévis, next to the Pierre Laporte Bridge.

The $315 M mixed-use development will consist of about a dozen buildings, including condos, rental housing, office condos, a hotel and a seniors residence.

Groupe Humanco will commence construction of the first building, a 10-storey, 87-unit condo in spring 2020 for delivery in 2021, again we expect COVID-19 related delays here. Units will sell from about $320,000 to about $800,000.

Cocité Lévis will have more than 1,000 residential units, primarily consisting of rental housing, including a 450-unit seniors residence.

Le Huppé

Immostar is launching Le Huppé, a rental condo complex in Québec City's Lebourgneuf neighbourhood. Le Huppé is the first real estate project in the city to pursue WELL certification. The 187-unit development is scheduled for completion in Spring 2021 which may now be pushed back, but we have not received official notification to that regard yet.

"WELL-certified projects put people first by promoting their well-being," asserted Ædifica WELL coordinator Maude Pintal. "WELL is the first standard fully focused on the health and well-being of residents in their indoor space. To obtain certification, projects must meet a number of design criteria in 10 areas such as better indoor air quality, maximum natural illumination, biophilic design features that strengthen the link between occupants and nature, and a spatial configuration that facilitates active movement, promotes interaction, and reduces sedentary behaviour."

The project features a classroom, a catering area, a kids' space, a library with a collaborative workspace, an outdoor terrace with a grilling area, a community vegetable garden, and bicycle storage in addition to its more traditional rental amenities such as an indoor pool, full gym, and lounge, which will have a large fireplace. Tenants can take advantage of a wide array of integrated services, including refrigerated package receiving, yoga classes, seasonal health and nutrition tips, and expanded recycling facilities.

Le Phare

Groupe Dallaire's Le Phare project on Boulevard Laurier is still in preconstruction. The developer has described the $755 M project as a "complete vertical neighbourhood" that will include apartments, offices, hotel rooms, a public square and a concert hall.

The developer has plans to construct four towers ranging in size from 17 to 65 storeys.

8. NEW TENDS GALVANIZE RETAIL SECTOR

Brands are 'raising the experience bar' while REITs continue to explore intensification of their properties. COVID-19 has the potential to revolutionize the retail space, the full impact will not be visible for some time.

John Torella, a senior adviser with retail consulting firm J.C. Williams Group, had pre-COVID-19 identified a number of trends that were projected to affect the shopping landscape moving forward in 2020. It will be interesting to see which ones stay and layer on to the COVID-19 impacts and which ones disappear.

Torella said that Canadian consumers are looking for more than just stuff and retailers are "raising the experience bar".

For instance, Eataly is the Italian food experience and lifestyle market, which offers shopping, food and cooking lessons and something he calls 'social shopping', a term that will no-doubt be reimagined in the current conditions, even with a return to the new normal.

Another example of this type of experience, Torella said, is a new Nike store planned for Toronto's Yorkdale mall, which he said includes a restaurant and an area where people can play with a basketball.

Pop-up stores that are open for only a limited time are a trend Torella expects we'll see much more of. Big-box stores and companies without a location within a particular city can use pop-ups to introduce themselves to that market and test the area's interest in their products. With all the impacts of COVID-19, it will be interesting to see how this experience retail transfers over to the digital space.

The holiday season is a particularly good time for pop-ups, as companies can create limited-time releases to feature within the stores – we hope that by December we will be able to experience these new stores.

Some retailers are taking the concept of a pop-up one step further by opening smaller permanent stores within cities.

Ikea Canada announced in November that it would be opening its first planned smaller-format store in Toronto within the next two years. It would be the first of this type of Ikea store in Canada, following up on 15 smaller stores already opened in other countries.

In the 2019 Canadian Consumer Insights Survey, a third of Canadian respondents said they're willing to pay a premium for non-food items that are either sustainably or ethically produced. 28% indicated that they buy brands that promote sustainable practices.

Gen Z, the consumer group poised to take over Millenials in terms of buying power, were more likely than other age groups to pay higher prices for eco-friendly or sustainable products.

The US sustainability market is projected to reach US$150 B in sales by 2021, according to Nielsen. A figure that we will watch closely especially as discretionary spending is reduced by temporary layoffs and shuttered services, stores and restaurants.

In Québec City, consumers relish their local independent shops.

Le Royaume de la Tarte, which opened in 1960 in the Saint-Sauveur neighbourhood, was to expand to a larger space on Charest Boulevard this year.

J.A. Moisan, long a Québec City icon is under new ownership. The business has been operating in the Saint-Jean-Baptiste neighbourhood since 1871.

Cominar REIT planned to intensify its retail properties and states that it has the potential to add close to 10,000 residential units. Two of the properties that Cominar is considering expanding are Îlot Mendel, which could accommodate 1,000 residential units and Carrefour Charlesbourg, which has the potential for 150 units.

At the end of 2019, Trudel Alliance purchased the Québec City-area real estate holdings of First Capital Realty for $165 M.

The transaction consists of seven retail centres with 28 buildings in the Québec City region: Carrefour Soumande, Galeries Charlesbourg, Place Seigneuriale, Place des Quatre-Bourgeois, Place Naviles, Carrefour St-David and Les Promenades de Lévis.

Trudel Alliance is in the process of redeveloping the Fleur de Lys shopping centre which it bought from KingSett Capital for $60 M in July 2018. A presentation on future plans for Fleur de Lys will be held early in 2020, Jonathan Trudel, co-founder of Québec City-based Trudel Alliance said.

A number of mixed-use possibilities are on the table for Fleur de Lys, including a hotel, a seniors home, offices and residential units.

9. COMMERCIAL REAL ESTATE SLOWLY EMBRACING AI

AI's potential impact on the global economy could exceed US$15 trillion, PwC forecasts.

A PwC report predicts that AI could contribute over US$15 trillion to the global economy from 2017 through 2030.

Labour productivity improvements will drive initial GDP gains as firms seek to "augment" the productivity of their labour force with AI technologies and to automate some tasks and roles, PwC states.

A 2020 report by Altus Group states that while 75% of CRE executives believe automation will eliminate jobs, 71% of respondents believe it will introduce new roles to the industry — in particular, roles that revolve around greater value-add tasks. With the increased need for social distancing currently, we may see an increase in automation across every facet of our interactions with space, products and buildings.

In a 2020 Forbes article written by Parag, the Founder and CEO of Clik.ai, he identified three areas that real estate companies can best leverage AI.

Marketing and sales: AI can improve lead management and convert more leads to sales.

McKinsey predicts US$2.6 T in business value will be unlocked in the coming years in marketing and sales. AI will play a pivotal role in unlocking this value.

There are AI tools that personalize on-site content to maximize visitor engagement, so that conversion rates rise as leads consume more relevant content.

One tool that does this is Conversica, an AI-powered sales assistant that automatically engages leads, delivering personalized outreach at scale.

Conversica is able to automatically engage a site visitor or a returning lead, and regularly follow up with them without a salesperson needing to stay on top of prospects.

Another tool is SetSchedule which uses data analytics and artificial intelligence to generate qualified real estate leads for brokers and realtors.

The platform analyzes market insights and AI-powered predictive data to match real estate professionals with interested buyers and sellers.

SetSchedule uses data from information sources including Zillow, Eppraisal, RealtyTrac, CoreLogic, Onboard Informatics, and continuously looks for new partners that can further feed the analytical power of the platform. The company charges a 20% referral fee for any closed deals that were sourced through their platform's leads.

Another company that improves the lead generation and sales process is Nobbas. Launched in June 2019 and headquartered in Montreal, Nobbas helps target what renters and buyers are looking for in a property and allow roommates or partners to collaborate better in a search.

The website has 1.4 million listings across the US to buy or rent and provides a Tinder-like interface, allowing users to swipe left on properties they don't like and right on properties they like.

The company also created an interactive collaboration tool.

"Everyone that's invited to collaborate will see what you like and vice versa," says Sean Muir, the company's product designer.

Financial and loan modelling: Manual and repetitive processes, such as financial modelling and data entry, can be automated using extraction and classification technology, which would help real estate analysts save time, increase productivity and minimize errors.

One of the most high profile startup companies using AI to streamline the loan process is Upstart. Two of its co-founders are former top Google employees. Dave Girouard was formerly the President of Google Enterprise and Anna M. Counselman led Gmail's consumer operations.

A major goal of Upstart is to automate the loan process. They claim to have been able to rapidly increase the amount of loans they are able to fully automate and as of September 2017, the have reached 40% automation.

Data management: As a company grows, it has to deal with massive datasets of lease abstractions, property appraisal reports, offering memorandums, legal papers, tax reports, ownership history records, zoning regulations and so on. As the amount of data grows, AI could be used to classify and store documents.

In Altus Group's 2020 CRE Innovation Report they report that CRE executives are facing increased challenges related to data management when compared to five years ago. They have also found that Almost half (45%) of CRE teams are spending 15% to over 25% of their time managing and organizing data (equivalent to 2-3 months of the year).

Altus found that 8 out of 10 CRE firms now have a Chief Data Officer or equivalent senior executive who oversees their organization's data strategy and data governance, compared to only 44% four years ago.

Named as one of the National Law Journal's Legal AI Leaders, eBrevia uses machine learning and natural language processing to extract data from contracts.

The software empowers users to analyze contracts and abstract lease documents quicker and more accurately.

eBrevia can process over 50 documents in less than a minute, while increasing the review accuracy by 10% as compared to the manual process alone.

The analysis summary produced by eBrevia can be exported to Word, Excel, Argus, Yardi, and other lease or contract management platforms.

Property Management: Another area that has the potential to be upended by AI is in the Property Management sector. Artificial intelligence could streamline communication between tenants and property managers, using smart software for rent payment, issue reporting, lease negotiations and more.

Demand Logic is a UK-based company that uses data intelligence to simplify property management and improve resident experience by analyzing and optimizing the performance of building systems such as HVAC, utility meters, air quality, humidity, and CO2 sensors.

The software can help save 10% to 30% of energy costs, improve efficiency of maintenance processes while reducing downtime, and eliminate up to 100% of residents comfort complaints.

Zenplace features an AI-powered service that works using chatbots and through devices like Amazon Alexa and Google Home, which makes it effortless and convenient for tenants to pay rent easily, extend their lease and report issues with the property 24/7.

A Canadian company just launched a chatbot that answers questions tenants may have about a property using artificial intelligence.

Developed by the British Columbia-based real estate startup LetHub, the River chatbot can book tours, pre-screen tenants and navigate questions that would normally fall upon a property manager during the early stages of the rental process.

10. LION'S SHARE OF CANADA'S NEW SENIORS HOUSING BUILT IN QUÉBEC

Vacancy edges up marginally to 7.2% despite 42% of new supply in the last five years located in Québec.

According to Statistics Canada, since 1971, the average age of the overall Canadian population has increased from 26.2 to 40.8. The proportion of the population age 75 and older has increased from 2.9% to 7.4%. Over the next 20 years, the 75-plus segment is expected to grow by almost 4.0% per year and will account for 13.5% of the total population by 2040.

The pace of the development and construction of seniors housing residences has accelerated in recent years. CMHC has reported an average supply growth of 3.1% per year over the past five years, which was only slightly ahead of the growth in the age 75-plus population over the same period.

Across Canada, approximately 36,200 net new rental retirement units opened between 2015 and 2019, Cushman & Wakefield reports in their 2020 Seniors Housing Industry Overview.

On a provincial level, the **Province of Québec has had the largest increase in supply during this period, accounting for more than 42% of total development activity between 2015 and 2019.**

Québec also has the highest percentage of the population 75 years of age and older years living in private seniors residences. In Québec, the percentage was 18.4% in 2019 compared with just 6.1% for the other Canadian provinces.

However, the province also has a population that is aging. It has approximately 25% of Canada's population over 75 years old, according to Statistics Canada.

The vacancy rate for standard spaces in Québec stood at 7.2% in 2019, compared to 6.9% in 2018. The rebound in construction in this market segment, which started in 2015, likely caused supply to outpace demand, driving up the vacancy rate. CMHC states, "this renewed activity was attributable mainly to the fact that developers, anticipating a more sustained increase in demand over the coming years as a result of the aging of the population, have already begun positioning themselves on the market by starting new projects.

CMHC reports that vacancy for larger senior apartments continues to show the lowest vacancy rates in 2019. Apartments had a vacancy rate of 6.4% while the vacancy rate for rooms was considerably higher at 9.9%. Vacancy rates were between 5% and 6% for larger apartments with on and two-bedrooms while bachelor units had a vacancy rate of 8.9%.

New development continues with the groundbreaking last October on the $90 M Chartwell Trait-Carré Retirement Residence, in Charlesbourg.

The 359 unit Chartwell Trait- Carré will offer apartments ranging from studios to five-and-a-halfs. Amenities will include an indoor swimming pool, indoor shuffleboard, cinema, hair salon and convenience store. There will be 37 assisted-living studios. The residence is scheduled to open in January 2021.

Canadian Office, Retail and Industrial Tenant Preference Survey

CANADIAN MULTI-RES TENANT RENTAL SURVEY

Interested in purchasing the 2018 or 2019 data or getting involved with 2020?
Contact Sarah Segal by email sarah.segal@informa.com