ULI Emerging Trends 2027 report -

Property's age of hard work – ULI Emerging Trends Review

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Cheap money has gone. New construction is stalling. For investors, the next gains will come from scarce assets, better operations and a sharper sense of place—not from a rising tide.

SOURCE PwC & Urban Land Institute, Emerging Trends in Real Estate® 2027 (October 2026). *Coverage: United States and Canada—not a worldwide forecast.*

50.5%
rate business conditions good or excellent, versus 55% a year earlier

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new infrastructure groups outrank all conventional property types

No free ride
cash yield and net operating income now matter more than exit-multiple expansion

The end of effortless returns

The report's governing argument is simple: higher borrowing costs have forced a change in the investment model. With financing available but expensive, property income, cash distributions, active asset management and credible refinancing plans have displaced the old hope of ever-lower capitalisation rates. Distress is emerging most clearly in overleveraged ownership structures and maturing funds—not necessarily in failing buildings. Loan maturities, recapitalisations and demands for investor liquidity should slowly establish more reliable transaction prices. (pp. 6–12)

A supply shortage—eventually

Development starts have contracted sharply as financing, labour, materials and approvals make new buildings difficult to justify. Buying sound existing assets below replacement cost may therefore be more attractive than building. Yet scarcity is not immediate or universal: Sun Belt apartment markets must still absorb past deliveries; less desirable offices remain plentiful. For multifamily, national asking-rent growth has been below 1% annually since 2023. The report expects a gradual, geographically uneven recovery rather than a clean rebound. (pp. 34–37, 66–69)

The address matters more than the metropolis

The great geographical sort is moving capital away from blanket bets on population growth and towards submarkets with supply discipline, affordability and liquid exit markets. The top five U.S. overall prospect rankings are Dallas–Fort Worth, Nashville, Miami, Raleigh–Durham and San Francisco. The last of these leaps from 45th to fifth, helped by AI-linked leasing. Albuquerque rises from 70th to 54th. Such rankings measure professional sentiment, not forecast returns. (pp. 30–33, 104–107)

Politics, electricity and technology

Policy is now part of location. Insurance premiums, rent rules, permit delays and access to power can make or break the economics of even a strong market. More than seven in ten U.S. respondents say insurance or utility constraints affect decisions. Nearly two-thirds report actively using AI, but its value lies as much in improving underwriting and management as in the power-hungry data centres it supports. Human judgment and local relationships still command a premium. (pp. 17–20, 38–45, 100–103)

WHERE THE INVESTMENT CASE IS STRONGEST

Winners, laggards and the risks between

The survey favours operating expertise and specialist property types. Broad asset-class labels conceal wide differences in quality, cost and location.

SEGMENT	2027 INVESTMENT READ-THROUGH
Infrastructure & data centres	Energy, transport, digital and water infrastructure top sentiment scores. Data-centre vacancy is below 2%, but grid capacity, delivery costs and rich valuations make access to power—and discipline—essential. (pp. 13–16, 91–94)
Industrial	The highest-rated established major sector. Manufacturing, defence, e-commerce and data-centre suppliers broaden demand as pipelines shrink; functional buildings with reliable utilities stand out. (pp. 51, 58–61)
Senior & medical	Demographics provide the clearest tailwind: senior-housing occupancy exceeds 90%; medical-office occupancy is above 92%. Operations, staffing and affordability remain genuine constraints. (pp. 52, 87–97)
Retail	Confidence has improved for five years; necessity-based and grocery-anchored open-air centres profit from little new supply. Spending is increasingly split between affluent and budget-conscious consumers. (pp. 51, 62–65)
Apartments & homes	The 2023–24 building surge still weighs on rents in overbuilt regions. Falling starts may support future gains, but weak job growth, affordability and elevated mortgage rates restrain momentum. (pp. 66–74)
Office & hotels	Prime, amenity-rich office buildings improve while national vacancy remains around 19%; second-tier space needs costly repositioning. Upscale hotels outshine economy properties, but renovations absorb capital. (pp. 53–57, 75–78)

Canada: recovery in several speeds

Canadian investors have turned more willing to buy: the survey's aggregate buy rating of 3.61 is its highest in 15 years, and the report identifies stronger demand for senior housing, retail and selected industrial assets. But condominiums confront an inventory overhang, new rental supply is raising vacancy in some cities, and reduced immigration complicates demand forecasts. Capital is more available for well-underwritten income properties than speculative construction; power access and defence-related investment are potential catalysts. (pp. 128–139, 143–156)

Four rules for the next cycle

1. **Underwrite the cash, not the exit.** Stress debt service, insurance, taxes, capital expenditure and refinance rates; demand resilient distributable income.
2. **Buy the micro-market.** Compare forward deliveries, local incomes, competing buildings, entitlements, power and water—not just metro growth.
3. **Price the eventual sale.** A cheap secondary-market asset can disappoint if the exit buyer pool is too shallow.
4. **Look behind financial distress.** A viable property with an unviable loan or fund structure may present a better opening than a physically troubled building.

Data collection, review and analysis provided by:

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An AI tool was used in analysis and documentation formatting/production.