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Future of real estate in Canada

Connecting data, AI, and ESG to drive growth and resilience

Annual flagship report of the Deloitte Canada Real Estate practice

MAKING AN IMPACT THAT MATTERS since 1845

Contents

Introduction

The first half of 2025 left Canada's economy more stalled than stable. Businesses piled up inventories to weather a tariff shock even as investments stayed weak, exports plunged 26.8% in Q2, and net employment fell by 38,500, pushing the unemployment rate to 7.1% in August.[1] While a slowdown in immigration and minimal population growth could limit further upward pressure on unemployment, labour market conditions could likely remain strained in the near term.

Headline inflation has eased below 2% thanks to a one-off carbon-tax removal, though underlying inflation sits at around 3%.[2] Effective tariffs on US sales remain relatively low (at about 2.9% in July) because carve-outs in the Canada-United States-Mexico Agreement (CUSMA) have left roughly 95% of exports with low or zero rates, even while steel, aluminum, copper, lumber, and finished autos face heavy levies.[3]

The near term looks sluggish: Deloitte Canada economists forecast real GDP to gain just 1.3% in 2025. A softening labour market and slower population growth will weigh on consumption, adding to the GDP drag.[4]

However, policy will likely support growth, as the Bank of Canada cut its policy rate from 2.75% to 2.25% at the end of October, while federal investment spending and regulatory easing should help unlock private capital expenditures (capex). Together, these factors set the stage for stronger growth in 2026, with GDP projected to see a 1.7% increase and exports predicted to rebound by 3.4%.[5] Deloitte Canada economists expect a 4.4% rise in residential investments and a roughly 1% rise in non-residential investments in 2026, compared with a 1.6% increase and 1.4% decrease, respectively, in 2025.[6]

While these conditions could mean increased capital availability for the real estate industry—as well as more active transactions and capital markets—demand would largely depend on how tenants and investors navigate the uncertainty, and then, amid more accommodating fiscal and monetary policy, proceed with real estate spending and investment decisions. Leasing dynamics are evolving, too, as office absorption remains uneven, but industrial, multi-family, and data-centre properties continue to outperform. The common thread is occupants prioritizing well-managed, sustainable, and digitally connected assets that deliver better experience and efficiency than their previous choices.

Against this backdrop, digital transformation has become imperative. Most real estate enterprises still operate in fragmented technology environments, with legacy enterprise resource planning (ERP) systems, disconnected customer relationship management (CRM) tools, siloed building management systems, and unstructured data sources. This fragmentation hinders timely decision-making and limits the use of AI. A modernized ERP, tightly integrated with a governed central data fabric, forms the digital spine of a future-ready enterprise, connecting financial, operational, and asset data into a single source of truth. This architecture enables automation, predictive insights, and agentic AI systems that can act autonomously yet remain auditable and governed.

AI's potential spans the real estate value chain—from lease abstraction and budgeting to maintenance automation, tenant engagement, and sustainability optimization. However, successful AI implementation depends on a clear and cohesive AI strategy, a robust governance framework with appropriate guardrails in place, and a focus on AI upskilling and change management.

Investors and regulators increasingly expect transparent, data-driven reporting on emissions, resilience, and community impact, as highlighted by Bill C-59. Embedding environmental, social, and governance (ESG) data in the same digital fabric that powers financial and operational decisions ensures that sustainability is not an afterthought—it becomes a core metric of asset and enterprise value.

In this edition of our *Future of real estate in Canada* series, we focus on key themes that are expected to drive the Canadian real estate industry in 2026 and beyond, and we provide our thoughts on how Canadian real estate organizations can navigate and thrive. Despite macroeconomic challenges and uncertainty, there are key points in these themes that would benefit from the attention of real estate executives. If the coming challenges are navigated successfully with an eye toward these key points, real estate executives could see improved operational efficiency, increased growth, new revenue streams, and strengthened risk management. Our insights are backed by our survey of Canadian real estate owners and tenants, as well as our global (including Canada) survey of owners and investors (For more details on our study, please refer to the methodology section).

Key themes

1. Selective recovery in investments, fundamentals, and leasing activity: Possible areas where value will emerge in 2026
2. Beyond pilots: Building a cohesive AI strategy for sustainable transformation
3. From fragmentation to intelligence: The ERP and data fabric road map
4. From commitment to conversion: Embedding ESG in value creation

Selective recovery in investments, fundamentals, and leasing activity: Possible areas where value will emerge in 2026

Investment in Canadian commercial real estate (CRE) will likely rise due to improving access to capital and to declining borrowing costs. However, leasing demand could be bifurcated as tenants tread cautiously on entering into new leases, develop increased expectations for amenities and upgrades, and put forth demands that vary by type of property and space (e.g., meeting rooms, flex areas, collaborative spaces).

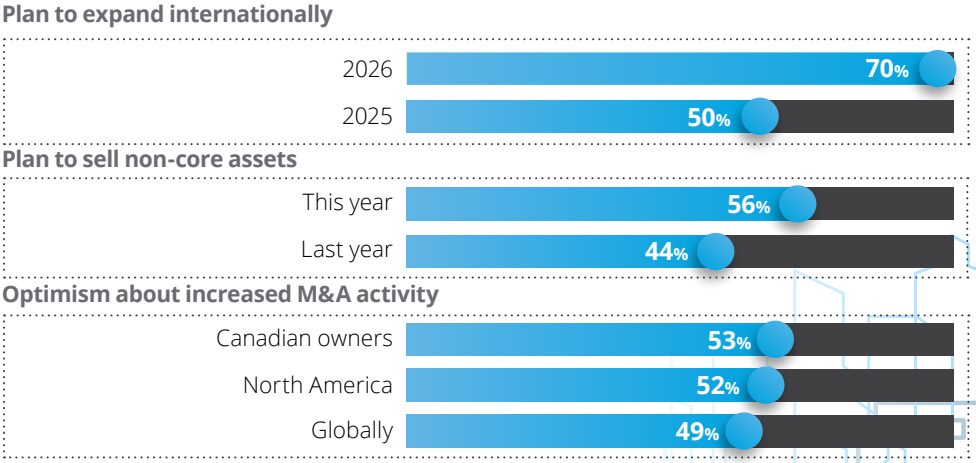
CRE owners are more positive about 2026 revenue growth

Revenue growth and investments: Only 28% of CRE owners in our Canadian survey said they expect revenue growth in excess of 5% in 2025, given the current economic weakness and uncertainty. However, three-fourths of owners revealed that they expect a revenue growth of more than 5% in 2026.[7] Of course, they could face headwinds, as the tenants we surveyed expect to be more cautious about increasing their real estate budgets in 2026, on the back of economic weakness and business uncertainty. When it comes to investment prioritization, three-fifths of owner respondents said they are looking to increase capital efficiency and lower borrowing costs through more optimized financing structures; a similar proportion aim to align investments with regional market dynamics.[8]

Tariff impact: On the supply side, owners we surveyed see the impact of tariffs in the form of increased material costs, given the continued tariffs and counter-tariffs on steel and aluminum, and given supply chain delays. On the demand side, tenants revealed they have been responding to tariff pressure with tighter budgets, scaled-back expansion, and a renewed priority for flexibility and customization in lease terms and spaces.

M&A activity: Lower interest rates, stabilizing financing conditions, and suitable valuations will likely stimulate mergers and acquisitions (M&A) activity in the next 12 months. Nearly 70% of owners surveyed said they plan to expand internationally, compared with 50% last year. Further, 56% also plan to sell non-core assets, compared with 44% of last year's respondents. At 53%, Canadian owners and investors are the most optimistic about increased M&A activity, compared with 52% for all of North America and 49% globally.[9] The top-ranked M&A goal globally is to add new technology capabilities; however, for Canadian owners and investors, the top goals are to expand reach beyond their home geography and to increase their scale of operations. By property type, Canadian owners and investors said they expected industrial, logistics, and warehousing to provide the greatest investment opportunities in 2025-26, followed by digital economy assets such as data centres.

Figure 1: M&A activity



Source: Deloitte Canada 2025 real estate survey; Deloitte 2026 global commercial real estate outlook survey.

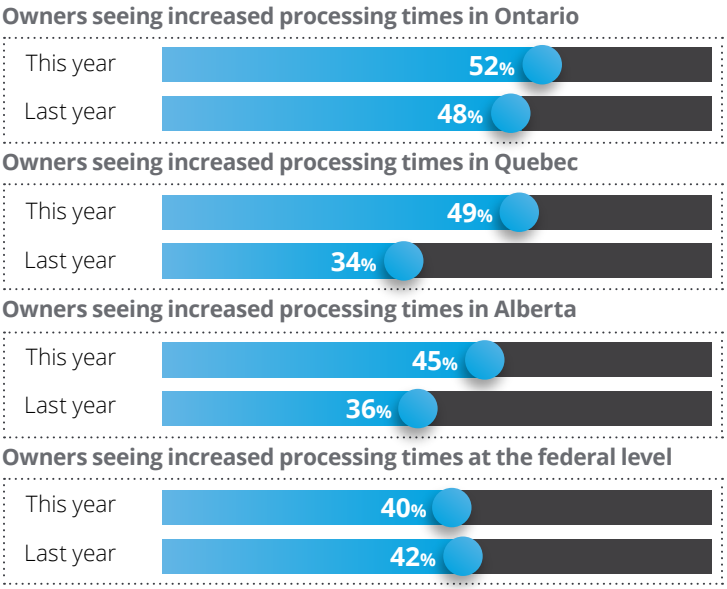
Variations exist in fundamentals and government timelines across provinces and cities

Fundamentals: For 2026, owners expect tighter fundamentals in Toronto market than those surveyed last year, as a smaller proportion expect an increase in rentals, property prices, and capital availability compared with last year's respondents. However, markets such as Montreal, Edmonton, and Ottawa are expected to fare better, as more owners anticipate a rise in rental rates and capital availability compared with 2025, and fewer owners expect an increase in vacancy rates.[10]

Permits and approval timelines: Compared with last year, more owners are seeing increased processing times for real estate and construction permits and approvals at the provincial level, including in Ontario, Quebec, and Alberta. At the federal level, however, there has been a slight improvement compared with last year.

For instance, in Ontario, 52% of owners are seeing increased processing times, compared with 48% last year; in Quebec, the figures are 49% this year versus 34% last year; and in Alberta, they are 45% versus 36%.[11] At the federal level, however, 40% of owners saw increased timelines, compared with 42% last year.[12]

Figure 2: Permits and approval timelines



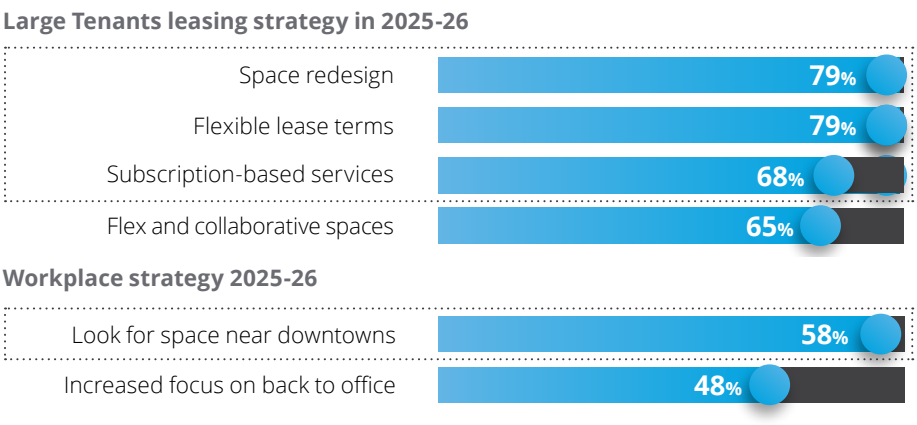
Source: Deloitte Canada 2025 real estate survey; Deloitte 2026 global commercial real estate outlook survey.

Tenant leasing demands and amenity expectations continue to evolve

Tenant leasing strategy: Tenants are looking to reduce costs through rental concessions, lower rates, and more flexible lease terms.[13] Small to midsize tenants (Revenue between $100 million to $500 million) are more likely than others to negotiate for lower rates; this group is also increasingly prone to short-term leases. Large-size tenants (Revenue of $500 million and above) are more open to subscription-based services (68%), space redesign (79%), and flexible lease terms (79%).[14] Further, nearly two-thirds of tenants said they expect there will be more demand for flex and collaborative spaces in 2026, compared with 55% of last year's respondents.

Tenant workplace strategy: This year's survey saw an increase in tenants who plan to look for space near downtowns in the coming year—58%, compared with 48% of respondents last year. This is partly driven by the current, evolving workplace strategy, which is focused on an increase in back-to-office employment. For instance, 48% of tenants noted heightened focus on in-person office policies for 2026, versus 43% for 2025.[15]

Figure 3: Tenants' leasing and workplace strategy



Source: Deloitte Canada 2025 real estate survey.

Expectations for amenities and upgrades focused on health and wellness, sustainability, and convenience: Tenants say they are being provided most of the amenities of their choosing, with the exception of services such as dry cleaning, fitness-centre access, and in-house catering. Top amenities that tenants appreciate centre on tech-enabled conveniences, such as mobile apps to manage building services, touchless building entry, and consistent high-speed internet access.[16] Further, tenant and owner respondents align on their preferences for improved waste-management systems, water quality, and sanitization, along with easier accessibility and better indoor air quality.[17]

Looking ahead: Macroeconomic priorities for 2026

After a year of sluggish activity marked by weak GDP growth, export headwinds, and elevated policy uncertainty, Canadian real estate owners enter 2026 with cautiously optimistic prospects. Market indicators through late 2025 have shown a stabilization in leasing sentiment and pockets of renewed capital deployment, even as trade-policy shocks continue to pressure export-exposed regions and industrial corridors. These dynamics have been creating a bifurcated set of opportunities, with fundamentals in core gateway markets and resilient real estate asset classes (e.g., multi-family, logistics, data centres) trending toward recovery, and with secondary and export-dependent markets facing asymmetric risks. At the same time, M&A activity has been ramping up, as strategic buyers and well-capitalized investors seek to consolidate, reposition assets, and capture distressed or transitional opportunities that were created by financing stress and uneven occupant demand.

Key action items to consider for real estate leaders

Adjust leasing and capital-deployment strategies based on the varying fundamental conditions across different markets.

Leverage new AI tools for more in-depth market analysis and improved strategy based on regional and local trends and contemplate diversification into more resilient asset classes while considering asset-convergence trends.

Consider early and proactive engagement with cities and municipalities and engage consultants and legal counsel to help ensure quicker approvals. Additionally, consider prioritizing interprovincial engagement to focus on opportunities that may have faster approval cycles.

Collaborate with tenants to identify locations and aspects to which tenants plan to allocate real estate budgets, and then provide them with the requisite space and services.

Work with tenants to design mutually beneficial lease commitments, showing flexibility and making concessions where required. Moreover, consider including more value-based deals that involve subscription-based services instead of a fixed per-square-foot rental fee.

Tactically consider and prioritize key upgrades that tenants seek—keeping in mind their focus on health and wellness, sustainability, and convenience—and implement these accordingly.

Beyond pilots: Building a cohesive AI strategy for sustainable transformation

AI in Canadian real estate can no longer be considered an optional innovation exercise, but a core business and asset value driver. Owners, developers, and operators can expect to deliver both operational efficiency and growth through AI-enabled capabilities. What differentiates companies is not the number of pilots, but the presence of a cohesive AI strategy, a clear road map to scale, increased AI awareness and understanding, and a robust governance structure to ensure that AI adoption is secure, trusted, and aligned with stakeholder expectations.

Transformational is an evolving term

Over the past year, the AI conversation has undergone a profound shift. The launch of agentic AI solutions (systems capable of executing multi-step tasks with a degree of autonomy) has marked a new phase in AI adoption. Where earlier efforts were focused on large language models as productivity aids, agentic AI now promises to rewire core workflows, from lease renewals and procurement cycles to portfolio-level scenario planning. This progression creates opportunities for real estate organizations to move beyond pilots that generate only isolated efficiencies.

Indeed, 44% of real estate executives in our Canadian survey view agentic AI as currently useful for enhancing decision-making and operational efficiency, while 53% consider it to be critical for long-term innovation and full automation of some workflows.[18] In fact, compared with their international counterparts, Canadian owners and investors are more bullish on agentic AI. For instance, 53% of Canadians in our global survey are interested in agentic AI, and 56% in multi-agent systems (i.e., employing a network of interconnected, role-specific AI agents), compared with 40% and 42%, respectively, of our global respondents.[19]

Not surprisingly, the definition of *transformational* has matured, as well. A year ago, a transformation may have included a chatbot that could answer tenant queries. Today, the term is judged by its ability to compress decision-making timelines, automate routine financial processes, and/or enable data-driven asset allocation across a portfolio. For real estate executives, the bar has been raised from proving novelty to delivering sustained and measurable value.

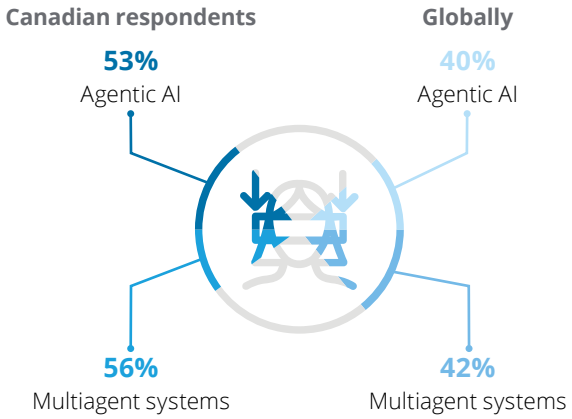
Figure 4: Tenants view on agentic AI

44%
For enhancing decision making and operational efficiency

53%
Consider it as critical for long-term innovation and full automation of some of the workflows

Source: Deloitte Canada 2025 real estate survey.

Figure 5: Interest in Agentic AI



Source: Deloitte 2026 global commercial real estate outlook survey.

Cohesive AI strategy is a critical driver of long-term success

Given just 8% of Canadian respondents in our global real estate survey said they have AI solutions integrated across their firms, a critical differentiator for Canadian real estate leaders in 2026 could be a clear and cohesive **AI strategy**. Further, many organizations have approached AI in an ad hoc manner, running isolated pilots without a vision of how these capabilities might create enterprise value. Indeed, a recent, widely cited MIT study found that 95% of generative AI (GenAI) pilots fail to deliver measurable impact.[20] One of the prime reasons cited was that pilots often remained static demos that did not learn or adapt to changing workflows.

Without a strategic framework, pilots often lack context, direction, and/or mechanisms for feedback and iteration, whereas a well-crafted strategy provides coherence. It often starts with aligning business objectives including revenue growth and value creation, enhanced tenant experience, capital-allocation optimization across portfolios, operational efficiency, and cost optimization. A cohesive strategy can includes a prioritized road map of AI initiatives over a three-to-five-year horizon. Such a **road map** can not only sequence investment in the right order (for example, ERP modernization before large-scale GenAI adoption), but can also ensure each AI initiative is tied directly to financial and operational key performance indicators (KPIs), such as improving yield, increasing tenant retention, reducing reactive maintenance, and cutting lease-renewal cycle times.

Governance framework & guardrails are key to operationalize the AI strategy

Governance is the strategy counterpart that helps ensure AI ambition is pursued responsibly. Real estate companies operate in a capital-intensive and regulated environment in which investors, lenders, and regulators demand transparency and trust. A strong **governance framework** creates confidence by embedding discipline in every layer of AI adoption. On the **data side**, this means defining ownership and quality standards, enforcing data lineage and residency requirements, and applying privacy-by-design principles, critical in a Canadian context in which **sovereign AI** and data residency are increasingly in focus. On the **model side**, governance requires regular validation for accuracy, fairness, and bias mitigation, along with audit trails that allow AI-driven decisions—from tenant communications to underwriting recommendations—to be **explained** and defended.

Operationally, **guardrails** become especially important as agentic AI systems begin to automate multi-step processes. For instance, a leasing workflow AI agent may be authorized to extract clauses from leases, draft renewal offers, and recommend negotiation positions, but governance dictates that final approval rests with a leasing manager. Similarly, a procurement AI agent may be empowered to compare bids and flag anomalies, but it cannot execute large financial commitments without dual human sign-off. These **human-in-the-loop** controls create a balance: AI delivers speed and efficiency, while governance ensures that accountability and risk management remain intact.

Finally, governance must extend to the boardroom. AI strategy should be a **standing item for risk, audit, and technology committees**, with clear oversight on how AI is shaping operations, tenant relationships, and new investments. By embedding AI in enterprise governance rather than treating it as a side project, real estate firms demonstrate to investors, tenants, and regulators that adoption is deliberate, disciplined, and aligned with long-term value creation.

Tailoring AI strategy & governance to Real Estate's complexity

Real estate is a uniquely complex and capital-intensive business. That complexity demands a bespoke approach to AI strategy and governance based on distinct priorities and operating models for each segment, including owners, operators, and developers. **Owners**, for instance, may focus on maximizing long-term asset value through integrated data fabric, digital twins, and predictive analytics. **Operators** could emphasize service efficiency, workflow automation, and tenant experience, requiring embedded AI co-pilots and intelligent process orchestration. **Developers**, by contrast, may focus on AI for project design, risk forecasting, and delivery optimization to manage costs and regulatory complexity. Clearly, a one-size-fits-all AI approach risks misalignment with these distinct business realities. Therefore, tailoring AI strategy helps ensure investments in data, infrastructure, and governance directly reinforce each organization's core value drivers, enabling scalable innovation and measurable impact across the diverse spectrum of real estate enterprises.

Functionally, teams could run short outcome-driven AI sprints aligned with specific department cycles, such as **construction** capex cycles, **investment** underwriting windows, and **property management** leasing/renewal timelines.

In short, successful AI adoption in real estate balances enterprise discipline with divisional agility, respecting the differing cadences and priorities across investment, operations, and development.

Empowering people for an AI-enabled future

AI literacy across Canadian real estate organizations remains uneven, with most firms still in the early stages of understanding how to translate this technology's potential into practical business value. Many teams can identify use cases but lack the fluency to assess risks, interpret model outputs, and redesign workflows around AI-driven insights.

Improving AI literacy and managing change require intentional leadership and a cultural shift across the organization. Real estate companies can embed AI awareness in leadership programs and enterprise learning, working to ensure teams understand the potential as well as the limitations of AI within the leasing, operations, and finance realms. Structured pilot programs that focus on **multidisciplinary collaboration**, such as pairing business experts with data scientists, can help employees gain practical, hands-on experience. Effective change management reframes AI as a tool for augmentation, not replacement; this involves clear communication about AI's purposes and benefits. Moreover, designating **change champions**, updating roles, and linking AI-related outcomes to incentives build ownership. Underpinning all this is strong governance and transparent communication about data ethics and accountability, which help to create trust and readiness for responsible AI adoption at scale.

Looking ahead: From experimentation to capability

By 2026, Canadian real estate organizations should consider shifting their AI agendas from tactical experimentation to disciplined enterprise adoption. The form of AI itself is evolving: Large foundation models are on track to continue powering portfolio-level analytics and investor reporting, while **small, fine-tuned models** and **edge-AI inference** will likely be used for low-latency, privacy-sensitive building controls and tenant interactions. Presumably, the winners will be those that treat AI as a strategic capability rather than a collection of point solutions. Further, governance and human-centred design will likely become non-negotiable, given that model validation, audit trails, human-in-the-loop controls, and role-based guardrails are predicted to become as important as accuracy metrics.

When strategy and governance work in tandem, they provide the required balance between bold ambition and prudent control. This balance is what could allow Canadian real estate companies to scale AI responsibly, helping them to maximize efficiency, resilience, and new sources of growth without compromising the trust that underpins their licenses to operate.

Finally, sustained value depends on people—organizations that pair capability building and change management with measurable KPIs can convert pilots into portfolio impact. Firms that do so are bound to unlock speedier decisions, lower operating costs, and clearer pathways to sustainable, data-driven value creation.

Key action items to consider for real estate leaders

Devise an enterprise AI strategy and road map that prioritize data modernization, impactful use cases, and scaling options tied to KPI targets.

Adopt a hybrid AI architecture that has foundation models, small language models, and edge-AI inference, as well as pilot agentic AI systems in advisory mode before widening execution rights.

Set up an AI governance office with model validation, bias testing, auditable logs, and clear human-in-the-loop thresholds for financial and safety endeavours.

Institutionalize AI literacy and change programs, including leadership briefings, function-specific labs, and hands-on playbooks for leasing, operations, and finance.

Collaborate strategically with experienced vendors and integrators to accelerate delivery.

From fragmentation to intelligence: The ERP and data fabric road map

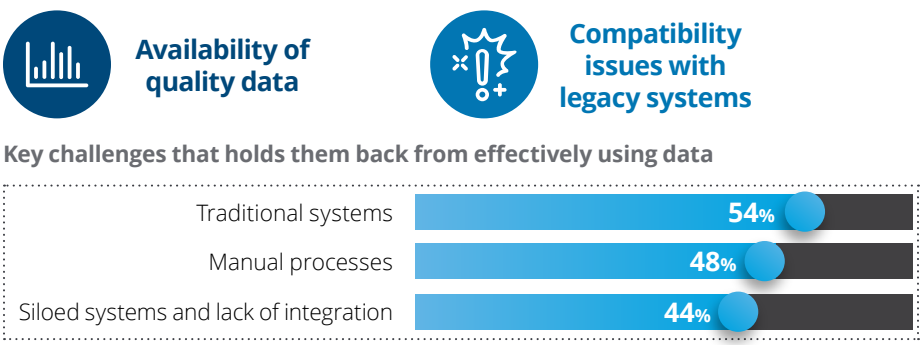
Real estate portfolios often contain mixtures of on-premise ERPs, legacy accounting systems, disparate facility management platforms or building management systems (BMS), and a forest of spreadsheets and PDFs to track leases, invoices, and service tickets. In practice, this can amount to inconsistent asset identifiers, mixed units, missing timestamps on work orders, and lease clauses trapped in scanned documents, all of which limit analytics and automation. Siloed groups compound the problem—e.g., operations teams rely on BMS data, leasing teams on stand-alone CRMs, and finance teams on patched ERP exports—creating duplicate records and requiring reconciliation work that is often manual. These then lead to reporting challenges, slow month-end closes, and blind spots that can undermine investor confidence and operational agility.

As seen from our Canadian survey, availability of quality data and compatibility issues with legacy systems are the top two challenges faced by owners when implementing emerging technologies such as GenAI.[21]

When asked about factors that hold them back from effectively using data, owners highlighted traditional systems (54%), manual processes (48%), and the combination of siloed systems and lack of integration (44%) as their key challenges.[22]

Further, operational control of data about buildings is distributed across key stakeholders. Only 37% of owner respondents to our Canadian survey said they control most of the data generated in their buildings, while 40% revealed that facility managers control most of this data.[23]

Figure 6: Challenges faced by owners while implementing emerging technologies and using data



Source: Deloitte Canada 2025 real estate survey

Modern ERP and central data fabric are the digital spine for AI-ready real estate enterprises

A modernized ERP tightly integrated with a governed central data fabric can serve as the digital spine of an AI-enabled real estate organization. Traditionally, ERPs in real estate have been fragmented, property-specific, or finance-centric, often operating in silos from leasing, asset management, facility, and development workflows. A modernized ERP, by contrast, is cloud-native, data-integrated, and AI-ready, connecting operational systems such as CRM, project-management, and finance platforms. It provides a unified real-time view of portfolio performance across assets, tenants, and financial dimensions.

In addition to a modern ERP, real estate firms need a central data layer that sits between operational systems and analytics—a discrete network that standardizes asset and tenant IDs, normalizes units and time-stamps, and gathers streaming sensor and work-order data. This layer uses simple application programming interfaces (APIs), maintains data lineage and residency rules, and produces auditable, user-consented feeds for reporting and AI. In short, ERP holds a firm's official transactions, while the central data layer works to make that information clean, consistent, and usable so that GenAI agents can safely reason, automate actions, and drive measurable value.

For instance, a GenAI tool focusing on automating lease abstraction, reconciling expenses, or producing variance analyses must be able to retrieve clean and standardized data through APIs from both the ERP and the governed central data layer. Similarly, an agentic AI system capable of taking multi-step actions—such as initiating maintenance workflows or generating financial forecasts—requires access to a single source of truth that connects structured transactional data from the ERP with operational and sensor data combined in the data fabric, all in order for AI agents to act seamlessly across applications while remaining auditable. However, as seen in our Canadian survey, fewer than one-third of owners use integrated systems that provide a single source of truth.[24]

Consider a predictive maintenance workflow enabled by this digital spine. In a traditional set-up, building systems data such as HVAC sensor readings, energy consumption, work orders, and vendor logs reside in disconnected platforms, often requiring manual review and coordination. By contrast, the proposed digital spine ensures that data flows continuously into a unified data platform. A GenAI-powered **predictive maintenance agent** can then analyze these streams to detect early signs of equipment stress, such as rising vibration levels in a rooftop chiller or irregular pressure readings from a pump. Drawing on historical maintenance data, vendor service level agreements (SLAs), and cost parameters stored in the ERP, the agent can forecast potential failure windows and calculate optimal intervention timing. Finally, an **agentic AI system** can autonomously act to generate a work order in the ERP, schedule the appropriate vendor, and notify the facilities team, all while updating the budget forecast in real time. Each step is auditable, with human override options and guardrails embedded in the governance layer.

This example demonstrates how a modernized ERP and centralized data architecture transform data into decisions and actions so that AI becomes a trusted operational co-pilot rather than a peripheral experiment. It's the integration of systems, data, and governance that turns predictive insight into measurable efficiency gains, reduced downtime, and stronger net operating income (NOI) performance.

Turning data into dollars

Improving the data and ERP game is not just about efficiency gains and lower costs, it's about capitalizing on opportunities to increase revenue. Compared with last year, tenants have an increased appetite for new, paid-subscription-based services provided by landlords. Per this year's Canadian real estate survey, among the top services that interest tenants are software and apps that will allow them to access building and maintenance services and analytics, use onsite renewable energy, and gain access to services and data available on landlords' digital platforms.[25] Further, tenants said that their reasoning for wanting to capture data on space usage, property operations and maintenance, energy consumption, and sustainability is so they can help improve operational efficiency and support sustainability initiatives.

Owners can unlock new value by leveraging crucial real-world data in innovative ways. For instance, data on the built environment, including building operations and space usage, can be very valuable to train humanoid robots, the next frontier in physical AI. **Brookfield's partnership with Figure AI**, an AI-robotics developer, exemplifies how important this data can be—with the global investment firm providing access to its buildings and spaces in which Figure AI can train its humanoid robots on how people move, interact, and perform tasks, and thus better operate in the real world. In addition, the partnership will aim to explore infrastructure collaboration—such as by Brookfield providing AI data centres—as well as to seek opportunities to use humanoid robots across Brookfield's portfolio.[26]

Less than 1/3 < Owners use integrated systems which provide single source of truth

Top services in which tenants are interested:

- software and apps to access building
- leverage onsite renewable energy, and consumption of services
- capture data on space usage, property operations & maintenance

Looking ahead: From disconnected data to enterprise intelligence

In 2026, the quest for operational advantage in Canadian real estate will be defined by data—not merely the volume of signals generated across buildings, but an enterprise's ability to turn that raw telemetry into trusted, auditable, analytics-based decision-making and monetizable assets. The modernized ERP and central data fabric, reimagined as the digital spine, reconciles the traditional ERP's fractured systems by unifying its financial dimensions, lease data, asset registers, and real-time operations into a data model that supports automation, GenAI application, and compliant reporting.

Beyond cost and control, clean and user-consented data becomes a source of revenue, enabling landlords to offer premium tenant services (e.g., dynamic energy management, space-usage analytics, ESG dashboards), monetize anonymized operational data sets, and structure outcome-based service contracts. Firms that operationalize data fabric and treat data as a product are ideally situated not only to accelerate AI adoption, but also to open new, recurring income streams, all while helping to preserve trust through strong governance and privacy controls.

Key action items to consider for real estate leaders

Replace fragmented data systems with a cloud-native and integrated platform that connects leasing, finance, asset management, and development workflows into one real-time system of record.

Establish a governed central data layer between operational systems and analytics that standardizes data models and combines structured ERP data with unstructured sources, such as PDFs, the Internet of Things (IoT), and BMS feeds.

Use this newly unified data and AI infrastructure to launch new revenue streams, such as subscription-based tenant services, dynamic energy billing, and premium analytics dashboards for investors and tenants.

Institutionalize data governance and privacy by enforcing residency, anonymization, and consent policies; additionally, embed audit trails in the modernized ERP and central data fabric for tenant-facing products and investor reporting.

Measure value by setting clear KPIs such as deadlines and timelines for month-end closes, and ancillary revenues per asset; moreover, require pilots to meet return on investment (ROI) targets before their enterprise rollouts.

From commitment to conversion: Embedding ESG in value creation

Over the past year, sustainability in Canadian real estate has seen new uncertainties, with shifting business priorities and a changing federal policy landscape. To protect asset value, reduce costs, and maintain access to increasingly conditional capital markets, leading real estate owners should accelerate pragmatic decarbonization programs such as targeted retrofits, energy-management pilots, and more disciplined carbon accounting.

At the same time, policy recalibrations under the new federal government have pushed companies to tighten compliance readiness and to treat incentives and regulatory signals as drivers of site-level investment decisions. As a result, sustainability now needs to be embedded in capital allocation and risk management processes—backed by stronger data, clearer KPIs, and closer collaboration between finance, operations, and asset teams—to convert climate intent into measurable NOI and resilience gains.

In the public sector, there has been a lot of labour disruption and supply chain uncertainty, which showcases just how crucial sustainability is in risk management and capital allocation. In the private sector, companies have chosen either to embed their budgets in the relevant business units or simply to top up their business-as-usual budgets with small sustainability premiums in order to secure very attractive ROI savings. In the retrofit market specifically, there's been a lot of movement toward collaboration; additionally, the Canada Infrastructure Bank (CIB) and other banks are beginning to embrace more attractive and beneficial financing mechanisms to accelerate retrofits.[27]

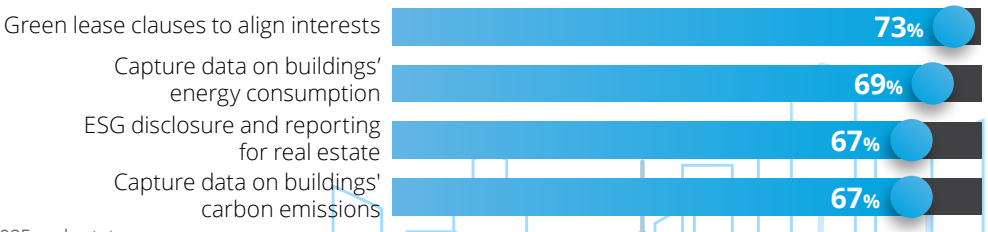
Evolving tenant expectations for sustainability and decarbonization

Tenant expectations for sustainability have evolved from nice-to-haves to non-negotiables. Across office, retail, and industrial portfolios, tenants—particularly multinational and institutional occupants—are increasingly aligning their leasing decisions with their own decarbonization and ESG reporting mandates. More than two-thirds of tenants participating in our 2025 Canadian real estate survey said they are prioritizing ESG disclosure and reporting of their real estate footprints, compared with fewer than half of last year's respondents.[28] Green lease clauses, access to emissions data, and demonstrable progress toward energy efficiency are now central to renewal discussions and RFP evaluations. Indeed, 73% of tenants surveyed said they're looking at green lease clauses to align their interests with those of their potential landlords, a jump of 10 percentage points from last year.[29] And 69% reported they want to capture data on the energy consumption of buildings they're considering, compared with 63% last year.[30] Clearly, the conversation has shifted from certification labels to performance transparency as tenants seek verifiable reductions in energy intensity and their carbon footprints.

For Canadian landlords, this translates to a growing need for digital metering, transparent data-sharing, and collaborative energy programs that balance energy-efficiency goals with operational resilience and cost predictability. Those who can quantify and communicate their decarbonization trajectories can gain a distinct competitive advantage in attracting and retaining tenants who have their own ESG commitments. And as tenants themselves become more disciplined and focused on achieving their sustainability goals, they could make more strategic decisions in choosing and renewing their leases. For example, nearly 62% of tenants surveyed expect they will look for alternative leases (compared with 49% last year), and half of respondents said they might consider early lease termination (compared with 24% last year) if landlords were not able to meet decarbonization and net-zero goals.[31]

Over 2/3 > of tenant respondents in our Canadian survey said that they are prioritizing ESG disclosure and reporting of their real estate footprint

Figure 7: Tenant respondents are looking for:



Source: Deloitte Canada 2025 real estate survey

Gaps in facilities' energy management—and how to close them

Despite increasing ESG ambition, many Canadian real estate portfolios still face structural gaps in facilities' energy management. Most portfolios operate with fragmented BMS, limited sub-metering, and inconsistent data granularity across sites. Real-time monitoring remains the exception rather than the rule, constraining the ability to proactively optimize building performance and identify anomalies. Even where data exists, insights are often trapped in siloed systems, leaving energy-performance improvements dependent on manual interventions rather than predictive analytics.

To close this gap, companies should prioritize integrated energy-management platforms that combine IoT sensor data, asset-maintenance logs, and occupancy analytics into a single digital layer. AI-driven optimization tools can then autonomously calibrate HVAC and lighting schedules, benchmark energy intensity, and provide actionable insights. Early adopters such as **Cadillac Fairview** have demonstrated measurable reductions in cost and in carbon emissions.[32] The future of energy management lies in combining automation, predictive control, and continuous commissioning (i.e., real-time monitoring and optimization of building systems) by transforming the way facilities are managed, from reactive maintenance to proactive performance intelligence.

Integrating sustainability into operations, reporting, and compliance

Many real estate organizations still struggle to embed sustainability in their day-to-day operations. The challenge is threefold, involving inconsistent data capture across assets, fragmented reporting frameworks, and limited integration of sustainability into financial systems. Reporting remains largely manual, dependent on spreadsheets and vendor submissions, which contributes to latency and can introduce errors, particularly when considering evolving disclosure requirements such as International Sustainability Standards Board (ISSB) guidelines (e.g., IFRS S1 and S2) and anticipated Canadian sustainability standards. Not surprisingly, 51% of owner respondents in our Canadian survey highlighted constant measurement of ESG performance as a key challenge in their attempts to include sustainability in their operations.[33]

To move from compliance to value creation, real estate companies should build connected ESG data architectures by integrating energy, emissions, and asset-level data into their ERP and performance-management systems. This would not only enable timely reporting, but would also support scenario modelling and capital planning based on decarbonization ROI. Embedding sustainability metrics in procurement, budgeting, and leasing workflows ensures ESG is not an overlay but a structural component of decision-making. Indeed, leading real estate players are beginning to implement ESG control frameworks akin to financial governance, with internal audit oversight, board-level reporting, and integrated assurance. For instance, Choice Properties REIT's audit committee regularly reviews the adequacy and effectiveness of internal controls on ESG disclosure.[34] The result of applying ESG control frameworks is a shift from viewing sustainability as a disclosure exercise to managing it as a core operational and fiduciary discipline.

Looking ahead: Converging agendas for growth and resilience

As 2026 approaches, sustainability for the Canadian real estate industry is poised to become more data-driven, regulated, and investor-critical. The sector faces a convergence of new forces such as rising disclosure obligations under ISSB-aligned standards, tenant and lender expectations for verified decarbonization, and growing investor scrutiny on greenwashing risk, as highlighted by Bill C-59. Simultaneously, advances in digital twins, IoT networks, and GenAI are transforming how sustainability performance is measured, predicted, and optimized.

Leaders in 2026 should consider differentiating themselves not merely by setting net-zero goals, but by demonstrating executional credibility by linking sustainability outcomes directly to asset value, operating cost efficiency, and risk-adjusted returns. This will involve integrating sustainability into the enterprise data fabric, aligning ESG metrics with financial KPIs, and leveraging intelligent automation to help ensure transparency and traceability. Moreover, the rise of sovereign AI and local data-residency requirements will further emphasize the need for secure, reliable ESG data pipelines hosted within Canadian borders.

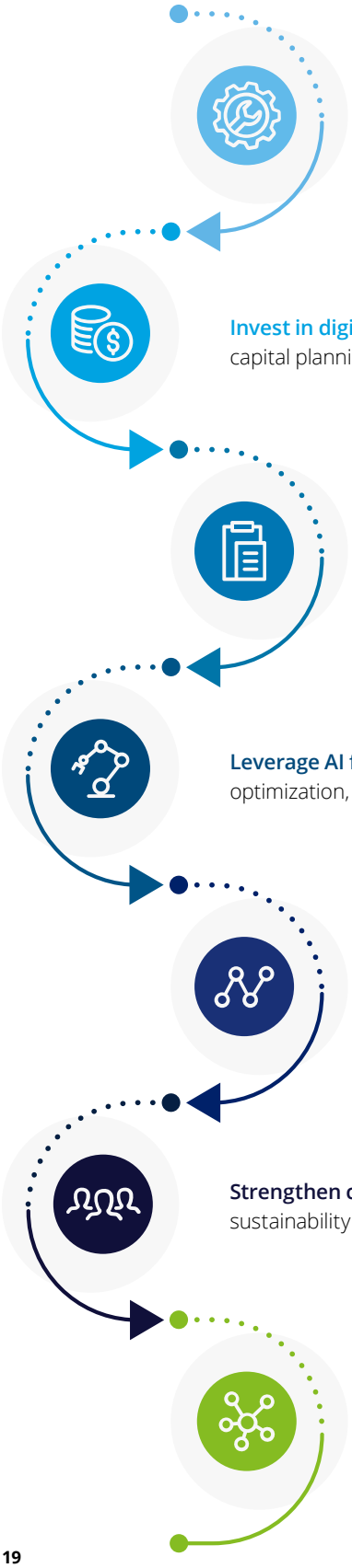
Sustainability should no longer sit beside strategy; rather, it should become strategy, influencing underwriting assumptions, portfolio diversification, and capital-deployment decisions. This evolution will not be easy, as 56% of owner respondents to our Canadian survey said they continue to face challenges with organization-wide acceptance that ESG drives long-term enterprise value.[35] However, real estate companies that can quantify the financial impact of sustainability investments and communicate this credibly to their stakeholders will be the ones that capture both market and regulatory advantage in the next cycle.

Key challenges respondents still face with ESG

51% of Canadian owner respondents highlight constant measurement of ESG performance as a key challenge.

56% of owner respondents still face challenges with organization-wide acceptance of ESG driving long term enterprise value.

Key action items to consider for real estate leaders



Operationalize data-driven sustainability by establishing a unified ESG data architecture that integrates energy, emissions, and operational metrics into ERP and performance-management systems.

Invest in digital twins and predictive analytics, and use digital replicas of assets to simulate energy efficiency, capital planning, and retrofit outcomes before proceeding with investments.

Modernize reporting and governance by implementing internal ESG control frameworks with assurance-ready documentation and alignment with ISSB and Canadian standards.

Leverage AI for optimization by using GenAI and edge-AI inference tools for autonomous building optimization, real-time carbon tracking, and predictive maintenance tied to decarbonization goals.

Link sustainability to capital and leasing by embedding ESG metrics in acquisition, financing, and tenant negotiations to directly connect performance to value creation.

Strengthen change management and capability building through upskilling of property and finance teams to interpret sustainability data and act on AI insights, thus helping to ensure that human judgment complements automation.

Collaborate across ecosystems and work with utilities, proptechs, and green financing institutions to scale impact and access incentives under emerging federal frameworks.

Building a future-ready real estate enterprise

The future of real estate in Canada will be defined by how effectively firms adapt to converging economic, technological, and sustainability forces. In an uncertain environment, and with evolving tenant expectations and decarbonization pressures, resilience and intelligence must be built into an enterprise's core. The path forward lies in integrating financial and operational frameworks through a modernized systems and data architecture that includes a governed central data fabric, thus creating a digital spine that enables real-time insights, automation, and informed decision-making.

AI is positioned to be the next growth driver—but only if deployed using clear governance, high-quality data, and business-aligned use cases. Whether they're real estate owners, developers, or operators, firms that tailor their AI strategies to their operating models will see differentiated value. Meanwhile, embedding ESG and sustainability metrics in the same data and decision fabric can help ensure that growth aligns with investor mandates and societal priorities.

The winners will be those who connect macro insights with micro execution by combining intelligent systems, trusted data, and human judgment. For Canadian real estate leaders, this is not just a technology transformation—it's a chance to redefine how value, performance, and purpose are measured in the built environment.

Methodology

Our insights are based on the following two surveys.

Deloitte Canada Real Estate survey: Top executives from 100 major Canadian CRE owners with annual revenues of at least $100 million, and 100 tenant companies with revenues of at least $50 million, were surveyed. Owners represented both real estate investment trusts (REITs) and non-REIT companies, and tenants were from diverse industries, including technology, telecom, banking, insurance and investment management, retail, and industrial production, as well as from the public sector and professional services.

Deloitte 2026 commercial real estate outlook survey: The Deloitte Center for Financial Services conducted a survey of more than 850 global C-suite executives (chief executive officers, chief financial officers, and chief operating officers) and their direct reports at CRE owners and investment companies with assets under management of at least US$250 million. The survey was conducted in June and July of 2025. Respondents were broadly based in three regions: North America (Canada, Mexico, and the United States); Europe (France, Germany, the Netherlands, Spain, and the United Kingdom); and Asia Pacific (Australia, India, Japan, Mainland China, and Singapore). There were 75 respondents from Canada.

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Acknowledgements

Author

Saurabh Mahajan, MBA
Strategy, Innovation & Insights Leader
Real Estate
saurmahajan@deloitte.ca

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