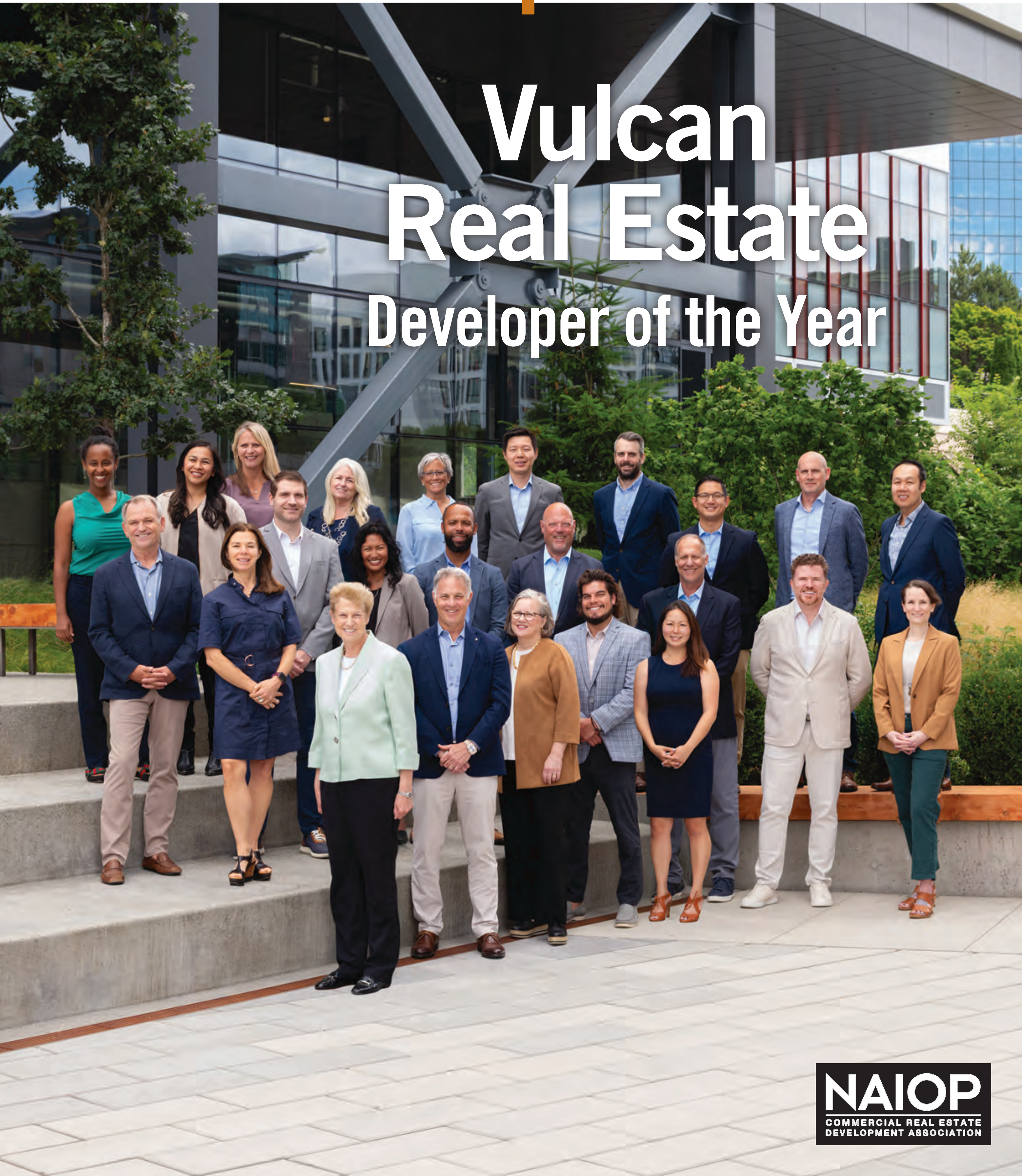
Commercial Real Estate | Ideas / Issues / Trends

Development®

FALL 2025



Vulcan Real Estate

Developer of the Year

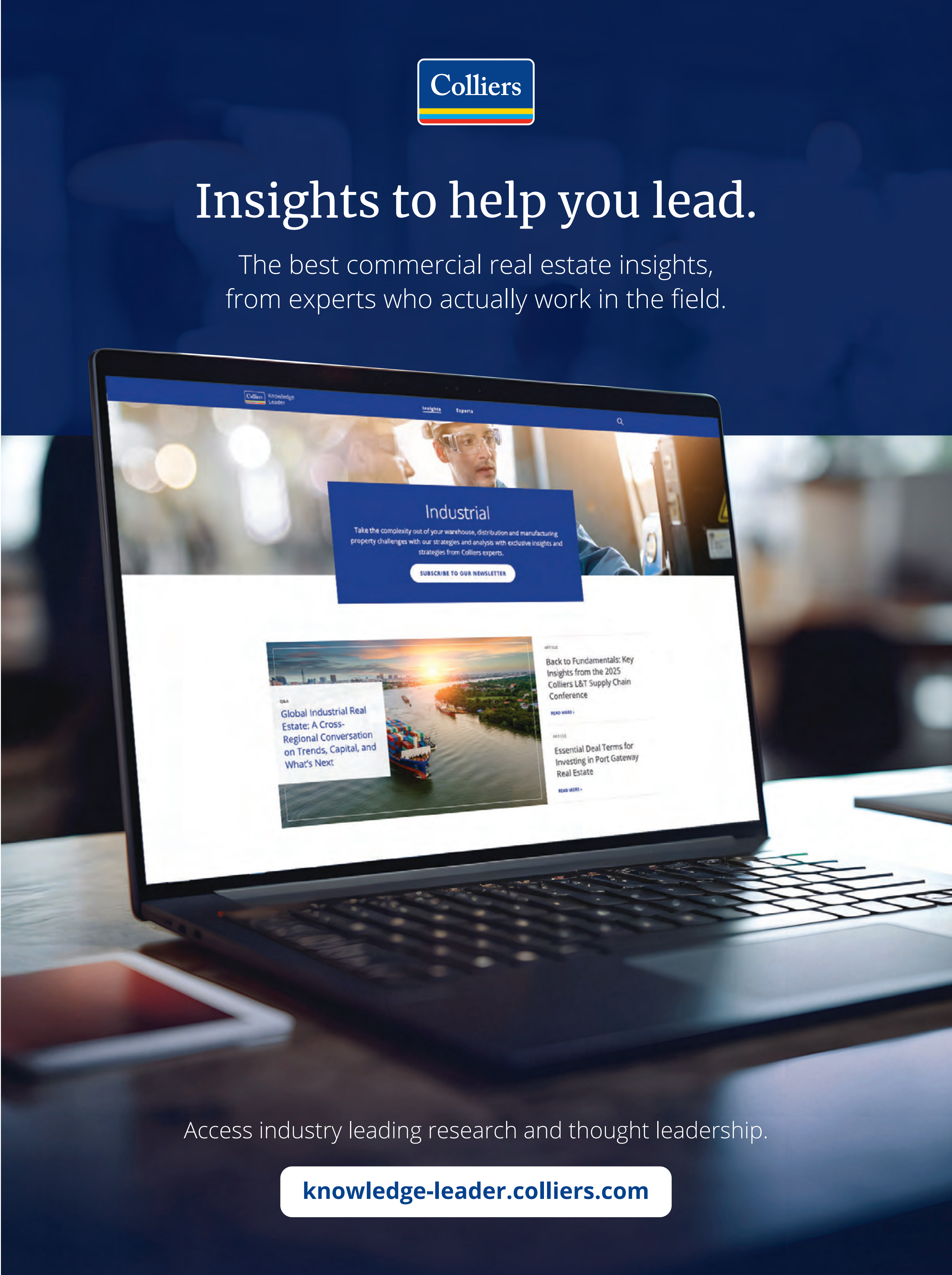
NAIOP COMMERCIAL REAL ESTATE DEVELOPMENT ASSOCIATION


DISCIPLINED DEVELOPMENT EXECUTION
Developing the projects that power what's next by anticipating demand drivers and vertically integrating with strategic partners to drive investor returns.
AFFINIUS CAPITAL
affiniuscapital.com

Development Contents

FALL 2025 / VOLUME 56 NO. 3

FEATURES


Colliers
Insights to help you lead.
The best commercial real estate insights, from experts who actually work in the field.
Knowledge Leader
Insights
Experts
Industrial
Take the complexity out of your warehouse, distribution and manufacturing property challenges with our strategies and analysis with exclusive insights and strategies from Colliers experts.
SUBSCRIBE TO OUR NEWSLETTER
Global Industrial Real Estate: A Cross-Regional Conversation on Trends, Capital, and What's Next
Back to Fundamentals: Key Insights from the 2025 Colliers L&T Supply Chain Conference
Essential Deal Terms for Investing in Port Gateway Real Estate
Access industry leading research and thought leadership.
knowledge-leader.colliers.com

Development Contents

FALL 2025 / VOLUME 56 NO. 3

COLUMNS

On the cover: The Vulcan Real Estate team at West Main Plaza. Courtesy Vulcan Real Estate

Development Staff

Marc Selvitelli
President and CEO

Shaine Anderson
Publisher

Kathryn Hamilton, CAE
Editor-in-Chief

Jonathan Rollins
Managing Editor

Kathy Jackson
Publications and Research Foundation Manager

Christopher Ware
Vice President, Business Development

Joel C. Stecura
Business Development Manager

Bonnie Schendell
Business Development Operations Manager

Estasi Design Associates
Design

Ron Derven
Contributing Editor

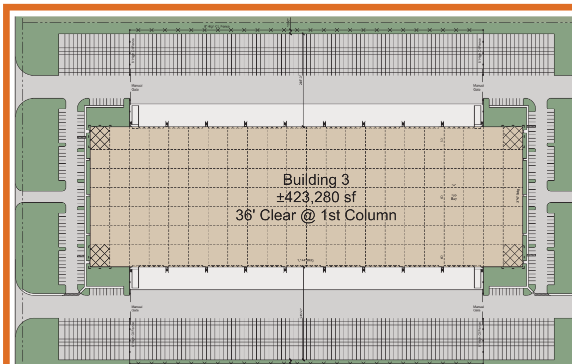
Development®
(ISSN 0888-6067) is published quarterly and © 2025 by NAIOP, 2355 Dulles Corner Blvd., Suite 750, Herndon, VA 20171. 703-904-7100 FAX 703-904-7942 Unless otherwise noted, the views expressed in articles and advertisements are those of the authors, persons quoted and advertisers, and not necessarily those of the Association. Development magazine is protected by copyright and may not be reproduced in whole or in part without the expressed written permission of the publisher. Periodicals postage paid at Dulles, Virginia, and additional mailing offices. POSTMASTER: Send address changes to DEVELOPMENT, 2355 Dulles Corner Blvd., Suite 750, Herndon, VA 20171. **Subscription** rates available at www.naiop.org/magazine-subscribe. **Advertising** for Development is accepted for quarterly issues: Spring, Summer, Fall, Winter. Insertion orders are due by the first of the month, two months preceding the month of publication. Rates are available upon request. NAIOP reserves the right to reject advertising that is inconsistent with its objectives. **Submit manuscripts** that are educational and focus on industry trends, recently completed development projects and other issues of interest to NAIOP members. For more information, see www.naiop.org/magazine. Submit all inquiries to developmentmagazine@naiop.org. **Reprints** and PDF files are available for a small fee; contact Kathy Jackson at jackson@naiop.org for more information. You can also share your favorite articles with colleagues and clients via email and social media, with links to articles online (www.naiop.org/magazine).

PORTGRANDE

Developed by MAJESTIC REALTY

FEATURED PROPERTY 423,280 SF

1408 Carriers Drive, Laredo, TX



FOR LEASE

Strategically positioned just one mile from I-35 and minutes from Mexico's border, this premier facility offers direct access to Union Pacific Intermodal and sits in the nation's #1 inland port. Features include 120 dock doors, multiple office spaces, gated security, and flexible lot sizes from 5 to 500 acres. Ideal for cross-border logistics and high-volume distribution.

PROPERTY FEATURES

- 36' Clear Height
- 120 Dock High Doors
- 210 Auto Parking
- 336 Trailer Parking (Expandable)

CONTACT US NOW

Tom Simmons
562-948-4347
tsimmons@majesticrealty.com
1309 Carriers Dr., Laredo, TX 78045

MAJESTIC REALTY

DRE# 00255328 (CA)

A Note From the Editor

INSIDE AND IN BRIEF

Celebrating Today, Looking Ahead to the Future

Our annual Developer of the Year issue is a celebration of everything that makes commercial real estate development exceptional — innovation, resilience, community engagement and more. Our 2025 winner, Vulcan Real Estate, is only the second company to receive this prestigious honor twice, and after reading this issue's cover story, I think you'll see why.

Discover the evolving landscape of residential real estate with in-depth profiles on senior living, workforce housing and the remarkable transformation of an iconic former Sears & Roebuck building in Chicago into modern lofts. Explore how urban sports districts are strategically reshaping cities, and gain insight into why capital continues to be the lifeblood of the commercial real estate industry.

I'm honored to join the ranks of the outstanding editors-in-chief who have led Development magazine before me; I certainly have some impressive footsteps to follow! As the industry continues to evolve — becoming ever more forward-looking and relevant — so too will this magazine. There's so much ahead, and I'm glad to be part of the journey with you.

Telling the stories that shape our industry,
Kathryn Hamilton, CAE
Editor-in-Chief

Kathryn Hamilton

Future NAIOP Events

I.CON Cold Storage, Oct. 6-7, 2025, Phoenix

I.CON Central, Nov. 3-4, 2025, Columbus, Ohio

Chapter Leadership and Legislative Retreat, Feb. 2-4, 2026, Washington, D.C.

I.CON West, March 3-4, 2026, Los Angeles

Most Popular From Summer 2025

1. **"Bringing Portland Back From the Brink"** (naiop.org/25Portland)
2. **"Experiential Retail Helping to Fuel a Brick-and-mortar Revival"** (naiop.org/25retailrevival)
3. **"Rethinking the Capital Stack Strategy"** (naiop.org/25capitalstack)
4. **"Construction Is Growing but Slowing"** (naiop.org/25construction)
5. **"Succession Planning Preserves a Legacy"** (naiop.org/25succession)

In Brief

Notable facts and figures on the state of the commercial real estate industry, culled from media reports and other sources.

Data Centers

70% The percentage of U.S. respondents to an Airedale Data Center Perceptions Survey who indicated they were comfortable with a data center being located within 5 miles of their home, including 47% who would be OK with a data center 1 mile or less from their home. Of those who expressed opposition to a data center being located within 5 miles of their home, the primary concerns were increased energy demand (63%), noise pollution (60%) and potential declines in property value (52%).

Office

$40.8 Billion The office sales volume over the last four quarters, representing a 69% increase compared with the prior year, according to Avison Young's U.S. office market report for the second quarter of 2025. The report noted that trophy class and Class A assets accounted for 71% of transactions. "Notably, gateway and Sun Belt markets — including Manhattan, Miami, Los Angeles, Chicago, Houston and Dallas — all experienced a marked rebound in sales activity, reflecting growing demand for high-quality office product in key markets."

850,000 The number of square feet of office space the federal government shed in Washington, D.C., during the first half of the year as it attempts to reduce its real estate portfolio. According to CBRE, the city's overall office vacancy rate stood at 22.6% to end the quarter, while its trophy vacancies were at a near record-low 11.5%.

Retail

4 Among the five U.S. metro areas with the most square feet of retail under construction in the second quarter, the number that are located in Texas, according to Colliers' retail market statistics report. Dallas ranked first with 7.2 million square feet under construction, followed by Houston (3.9 million) and Austin (3.5 million). San Antonio ranked fifth (1.7 million). The only city outside of Texas to break into the top five was Phoenix, coming in fourth at 2.2 million square feet of retail under construction.

Multifamily

500,000 The approximate number of units that have been delayed across major U.S. apartment markets since 2018, according to RealPage Market Analytics data.

"Labor disruptions have recently emerged as a significant concern among apartment developers. That new threat adds to the concerns of tariff implementation, surging insurance premiums and rising construction costs." In excess of 70,000 units have been disrupted during construction in Los Angeles, amounting to more than half of the market's expected deliveries.

$750 Million The amount of multifamily real estate assets Starlight Investments is planning to acquire in major Canadian markets through its newly established investment fund, the Starlight Canadian Core Multi-Family Fund. The launch of the fund represents Starlight's first residential-focused, open-ended investment vehicle.

Industrial

62.3% The share of speculative industrial development currently in the pipeline, which is the lowest level since the second quarter of 2020, according to Cushman and Wakefield research on the U.S. industrial market. "The share of build-to-suit deliveries climbed to 30.4% year-to-date, up from 16.8% one year ago, as developers adjust to evolving tenant needs and a softening demand environment."

Investment

$350 Billion The amount of dry powder available for commercial real estate investment across various firms, as estimated by investment data company Preqin. "Optimism is said to be growing for the deployment of hundreds of billions in capital into North American commercial real estate in the second half of 2025 as sentiment builds from the year's start," CoStar News reported in July. ■

WELCOME NEW LOCAL PARTNERS

Phillip Dunning
Partner
Southern Nevada

Joe Guion
Partner
Georgia

Ryan Koop
Partner
The Carolinas

Abbie Wertheim
Partner
Northern California

John Wilcox
Partner
Dallas

PANATTONI PARTNERS ACROSS NORTH AMERICA

Brad Hoffman
Managing Partner

Dayne Pryor
Managing Partner

Jason Rosenberg
Managing Partner

Tim Schaedler
Managing Partner

Bart Brynestad
Partner
Northwest

Travis Hale
Partner
Northwest

Jacob LeBlanc
Partner
Southern California

John DiVall
Partner
Arizona

Jim Odewald
Partner
Denver

John Pagliari
Partner
Chicago

Mark Branstetter
Partner
St. Louis

Todd King
Partner
Houston

Johan Henriksen
Partner
Northeast

Ian McDonald
Partner
Northeast

By the Numbers

DATA IMPACTING COMMERCIAL REAL ESTATE

Construction Bump Turns to Slump

Data centers remain a bright spot, while warehouse and multifamily construction could be on the verge of making a positive turn.

By Ken Simonson, AGC

Construction activity has changed over the past 18 months from high growth to slow growth to no growth. Only a few signs suggest that the sector is about to pull out of its nosedive.

Exhibit A is the Census Bureau's estimate for private nonresidential construction spending put in place. The bureau reports on spending each month on projects under way, based largely on data from general contractors. As of January 2024, spending was rising at a rate of 12% year over year. By August 2024, growth had slowed to a 0.5% rate. Each month since then, spending has trailed the year-earlier total. In May, spending contracted 4% year over year.

The declines were most pronounced across nearly all income-producing property types, including retail, warehouse, multifamily, lodging and office. However, differences were apparent in the rates of decrease and in whether the trends were worsening or moderating. There was also one big exception to the gloomy news: data centers.

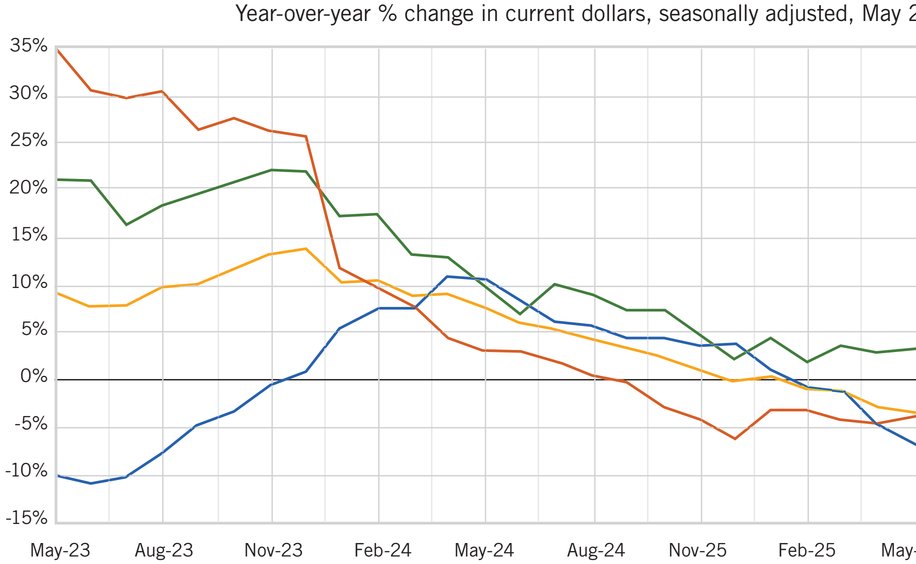
Among the categories as classified by the Census Bureau, the biggest decreases in construction spending between May 2024 and May 2025 occurred at dining and drinking establishments (down 25%) and shopping centers (down 23%). Most other retail segments also were in decline. (The data is adjusted for seasonal variation but not for inflation; spending on nonresidential structures includes renovations as well as new construction.)

Warehouse construction spending in May slumped to its lowest annual rate since September 2021, sliding 10% from the May 2024 level. However, the rate of decline has slowed significantly in recent months, suggesting that

> The number of multifamily units that started construction in March, April and May exceeded the year-earlier totals for each of those months. … This was the first time since late 2022 that starts had risen year over year for three months in a row.

Construction Spending Has Slowed Sharply

Year-over-year % change in current dollars, seasonally adjusted, May 2023-May 2025



	May 2025 (billion $)	Year-over-year % change May 2023-May 2024	Year-over-year % change May 2024-May 2025
Public	$512	10%	3%
Total Construction	$2,138	8%	-3%
Private Nonresidential	$738	3%	-4%
Private Residential	$889	11%	-7%

Source: Author, from U.S. Census Bureau, www.census.gov/constructionspending warehouse starts may be close to bottoming out.

Similarly, investments in multifamily construction are showing signs of flattening, despite an 11% decrease from May 2024 to May 2025. The annual spending rate has been roughly unchanged since November. In addition, a separate census series shows the number of multifamily units (in structures with five or more units) that started construction in March, April and May exceeded the year-earlier totals for each of those months. The data is subject to large month-to-month variations, but this was the first time since late 2022 that starts had risen year over year for three months in a row. Taken together, the spending and starts figures suggest multifamily construction could be on the upswing by the end of the year.

Lodging construction spending fell 8% from May 2024 to May 2025. While this decline was not as steep as others, the trend has worsened each month since a 2% year-over-year drop in January.

Office construction continues to shrink, despite scattered reports of office conversions and return-to-office mandates. Spending on private office construction (including remodeling and repurposing) in May fell to the lowest seasonally adjusted annual rate since January 2016. The May rate was 12% below the year-earlier level and more than one-third less than the peak set in February 2020, immediately before the pandemic devastated office occupancy.

It is important to note that the Census Bureau distinguishes actual office construction spending from data center construction only in the "Historical data — Private" file on its detailed construction spending website. The bureau's monthly press release includes data centers in the office total, which presents a very misleading picture.

In fact, data center construction spending remains the one bright spot among private nonresidential categories, having posted year-over-year increases for 51 consecutive months as of May, a streak that began in March 2021. While the data center boom has slowed in the past year, the construction spending level this past May was nevertheless 25% higher than in May 2024.

Data center construction spending remains the one bright spot among private nonresidential categories, having posted year-over-year increases for 51 consecutive months.

To summarize, the short-term outlook remains negative overall for construction of income-producing structures apart from data centers. However, a few green shoots suggest that an upturn may appear for multifamily and warehouse construction before long. ■

Ken Simonson is the chief economist with the Associated General Contractors of America. Contact him at ken.simonson@agc.org.

▲ **AVAILABLE:** SYCAMORE HILLS DISTRIBUTION CENTER
Riverside, CA | 603,100 SF | sycamorehillsdistributioncenterca.com

▼ **AVAILABLE:** PATTERSON COMMERCE CENTER
Perris, CA | 259,951 SF | pattersoncommercecenterca.com

Industrial Real Estate: Why Build-to-suit Matters More Than Ever

As speculative development slows, more customers are looking for tailored solutions.

By Britt Winterer, Link Logistics

In the current industrial real estate environment, speed, flexibility and customer alignment are more important than ever. Amid changing fundamentals, the era of large-scale speculative development appears to be behind us — at least for now.

The industrial market saw 481 million square feet of speculative deliveries at its peak in 2023. In 2024, that number fell to 312.6 million square feet, while 2025 is on track for just 150.2 million square feet of speculative deliveries, according to CBRE and Dealpath data. Yet, even as speculative supply slows, demand remains for space that aligns with specific operational needs.

Against this backdrop, build-to-suit development fills a critical role. When executed well, it offers customers a direct path to the space they need when they need it. Customers benefit by not being forced to accommodate a developer's speculative designs or time frame. This approach also allows the developer to get ahead of considerations such as higher power requirements.

Particularly during quieter periods of the industrial real estate market cycle, build-to-suit is a proactive, strategic approach that benefits both customers and developers by aligning design, value and long-term utility. It can meet complex operational requirements and strengthen long-term relationships. The keys to success are operating with a clear strategy and employing best practices throughout the process.

The Palmer's Oak Logistics Center project involved the redevelopment of a former U.S. Army supply depot and construction of nearly 3 miles of rail across eight spurs.

Courtesy of Link Logistics

Preparation Is Market Positioning

Speed is imperative in build-to-suit development, but speed is possible only if preparation starts early. It is critical that developers ensure their land banks are more than just lists of future opportunities. This means entitling sites early, clearing them when appropriate and even doing some mass grading if necessary. This early work is integral in giving customers confidence that required schedules will be met.

Doing this type of site work is also important optically for effective market positioning. A competitor that is visibly further along can gain an advantage in winning contracts, so prioritizing early stage preparation is essential to forming a successful development strategy.

Design for the Future

In a world where operational needs are evolving quickly, future-proofing a building is no longer optional. New industrial

Speed is imperative in build-to-suit development, but speed is possible only if preparation starts early. It is critical that developers ensure their land banks are more than just lists of future opportunities.

New and Noteworthy

25.1 million sq. ft.

Construction has begun on **LOJYSA**, a **mixed-use industrial and logistics park** in **Mexicali, Baja California**. **Ware Malcomb's** Mexico City office is providing master planning, architecture, design and branding services for the 833-acre project, situated near the U.S. border. After a beer brewing and distribution facility was canceled mid-construction following a local referendum in 2020, a group of investors subsequently acquired the site to develop a large-scale industrial park. Three phases of development will encompass approximately 25.1 million square feet of building area, a public park and a retail area for local residents. The development team comprises **Grupo Inmobiliario Zayat**, **Grupo Inmobiliario JYSA** and **Inmuebles Carso**.

2 million sq. ft.

Captis Lucem Photography

M.A. Mortenson and **McCarthy Building Companies** recently completed the $1.3 billion **Gaylord Pacific Resort & Convention Center** through a joint venture. The nearly 2 million-square-foot development was the largest hotel project in the U.S. Located in **Chula Vista, California**, outside of San Diego, the site includes a 22-story hotel tower with 1,600 rooms, an 800,000-square-foot convention center, a nine-story parking structure with 1,600 stalls, a 4.25-acre water park and a major atrium, all delivered in 34 months. Construction included installation of 110,500 cubic yards of concrete and more than 2.5 miles of glass handrail and privacy screens.

1.6 million sq. ft.

Aziz Shamuratov via iStock Editorial/Getty Images Plus

Seefried Industrial Properties announced plans to develop a new 1.6 million-square-foot **Amazon sortation center** in **Hogansville, Georgia**. The facility, anticipated to launch in 2027, will be Amazon's third such center in Georgia. The location offers direct connectivity to Interstate 85 and proximity to Hartsfield-Jackson Atlanta International Airport. Amazon employees at the site will sort orders by final destination and consolidate them onto trucks for faster delivery. The **Conlan Company** is serving as the general contractor, while **AECOM** is the project architect and **Eberly & Associates** is the civil engineer.

product — whether a build-to-suit project or a speculative one — must remain relevant, both for the original customer and for potential future users. This can mean designing for solar-ready infrastructure (even if panels are not being installed at delivery), running conduit for electric vehicle (EV) charging or including space for expanded trailer parking.

Another increasingly critical factor is power: As automation becomes more prevalent in warehouses, power needs are growing dramatically. Material-handling systems, robotics and electric fleets all contribute to a much higher baseline demand. Building with that in mind means delivering more power than is currently required to support long-term utility. For most utility companies to agree to provide more power, detailed load studies with customers' specific needs are required.

Designing for the future also means accounting for the resurgence of onshoring in manufacturing. As more companies look to bring production closer to end markets, their facility needs are evolving to require greater operational flexibility, increased automation capabilities, expanded sustainability measures, and enhanced logistics infrastructure to support faster turnaround times and more localized supply chains. Build-to-suit development offers flexibility to accommodate shifts and deliver on those needs.

While the benefits of these features may not be immediately recognized — or even desired — by the initial user, they can boost long-term value. Unless the build-to-suit customer plans to own the facility and avoid future cost differentials, these standards are increasingly becoming best practices in industrial development. These types of future-focused features should be top of mind during lease negotiations. By designing with longevity and adaptability in mind, developers can help customers stay competitive and ensure long-term value for their own firms and investors.

Link Logistics adapted the Northern Oak Logistics Center IV project to satisfy specialized regulatory requirements for a national automotive parts distributor.

Courtesy of Link Logistics

New industrial product — whether a build-to-suit project or a speculative one — must remain relevant, both for the original customer and for potential future users.

For property owners, these upgrades present an opportunity to future-proof the asset and support the evolving needs of tenants over time — either encouraging them to remain in place beyond the initial lease term or attracting second-generation users seeking modern, sustainable functionality.

Collaborate Early and Often

Build-to-suit development works best when it involves a true partnership. Internally, Link Logistics' development team works closely with leasing, customer solutions and other departments to connect the dots between land bank opportunities and customer needs. Externally, it entails listening to and collaborating with customers, brokers, architects, engineers and municipal stakeholders.

At Northern Oak Logistics Center IV in Hauppauge, New York, Link Logistics delivered a 132,000-square-foot Class A facility tailored to the specific needs of a national automotive parts distributor. The customer approached Link Logistics during early stage construction with specialized regulatory requirements. In response, Link Logistics' teams worked quickly to adapt the project by adding a building-specific fire suppression system, sprinkler enhancements and a roof structure designed to support specialty storage.

The customer was operational just six months after starting talks. In addition to serving the immediate requirement, this speed and specificity laid the groundwork for a second engagement. A new 123,000-square-foot build-to-suit project for the same customer, designed with similar features to meet specific operational requirements, is now underway in northern New Jersey and slated for delivery in 2026.

Flexibility Builds Value

One of Link Logistics' most complex projects is Palmer's Oak Logistics Center, a 1.9-million-square-foot redevelopment of a former U.S. Army supply depot in Southern California's Inland Empire West submarket. Building 1, which spans 1.4 million square feet, was delivered in the first quarter of 2024 as a build-to-suit for a global beverage distributor with specialized rail infrastructure needs.

Link Logistics constructed 2.88 miles of rail across eight spurs and built a 15-foot exterior platform that can store up to 160 railcars. The ability to incorporate these features proved essential to securing the deal. The building was also designed with flexible cross-dock capabilities and a site plan that can accommodate a future expansion of trailer parking. This type of adaptability helps customers scale their operations over time and gives the asset long-term resilience in a dynamic market.

Relationships That Extend Beyond a Single Deal

In many cases, a well-executed build-to-suit development can mark the start of a longer relationship, as illustrated by the Northern Oak Logistics Center example. Nurturing such relationships has even included sourcing and acquiring land not previously in Link Logistics' portfolio to meet the requirements of a returning customer.

The broader industrial real estate market is much different than it was a few years ago. Developers are no longer able to build on spec at the same pace. At the same time, customers cannot count on the right space being readily available when they need it. In this environment, build-to-suit development plays an essential role in bridging the gap between what exists and what is required.

Link Logistics has evolved from a spec-driven approach to a more flexible strategy that prioritizes customer collaboration and future-ready design. As industrial real estate continues to evolve, Link Logistics is focused on providing tailored solutions that build value for customers, investors and communities. ■

Britt Winterer is chief development officer at Link Logistics.

New and Noteworthy

493,730 sq. ft.

Summit Real Estate Group broke ground on **Wendell Commerce Center**, a **Class A industrial park** programmed for eight multitenant warehouse buildings constructed in multiple phases in **Raleigh, North Carolina**. Phase 1, encompassing 493,730 square feet, includes three rear-load warehouses with 32-foot clear heights and 185 truck courts with trailer spaces. Building 1A will measure 101,010 square feet, Building 1B will measure 132,720 square feet, and Building 1C will measure 260,000 square feet. At completion, the industrial park will total approximately 1,815,000 square feet. Summit's Arrowrock U.S. Industrial Fund IV acquired the 189-acre industrial site in the second quarter of 2024.

200 units

BKV Group, Inc.

Brinkmann Constructors, in partnership with **Kayne Anderson**, broke ground on **Trolley North Apartments**, a 395,000-square-foot, eight-story student housing community in **Salt Lake City, Utah**. Located near the University of Utah, the development will include 200 apartment units with 607 beds and four levels of parking: three podium levels and one underground level. The project is being executed in two phases, with the first consisting of construction of an eight-story stair tower to support rooftop cellular equipment. This equipment must be relocated before construction of the student housing development starts. **BKV Group, Inc.** is serving as the project architect.

265,264 sq. ft.

The **DSI Group** recently completed **Jacksonville Cold**, a 265,264-square-foot **cold storage facility** in **Jacksonville, Florida**, for national cold storage developer **Karis Cold**. Delivered through a design-build approach, the facility includes flexible footprints, a fully convertible freezer/cooler system (ranging from -10 F to 55 F), over 40,000 pallet positions designed to accommodate a range of food users and third-party logistics providers, and 50-foot clear heights with 38 dock doors. It also offers 3,880 square feet of office space, a 1,220-square-foot utility room, and direct access to rail, port and interstate infrastructure.

Detroit's Blueprint for Advancing Industrial Site Readiness

The Verified Industrial Properties program aims to attract investment and development by simplifying site selection.

By Shannon Selby, Detroit Regional Partnership

As policymakers focus on bringing manufacturing back to the United States, the nation may soon face an increased need for development-ready industrial properties.

The process of preparing industrial sites for development often goes overlooked in the grand scheme of economic development, but it is a crucial part of creating jobs and growing communities. The lack of a dedicated, intentional process for getting vacant properties ready for development can be a significant obstacle for regions and communities seeking to win investment in this highly competitive space.

In 2019, business leaders formed the Detroit Regional Partnership (DRP) to improve the economic trajectory of its 11-county region by attracting the next generation of companies, technologies and jobs. Early on, leaders of the nonprofit economic development organization recognized that industrial site readiness posed a significant threat to the region's success, as vacancy rates in existing facilities hovered between 3% and 4%.

Three years ago, the DRP began scaling its Verified Industrial Properties (VIP) program. The program aimed to address the region's long-standing site readiness issues by providing site selectors with detailed information about individual properties and their surrounding infrastructure. These reports include data on both current site conditions and future infrastructure development plans impacting the site, such as forthcoming road or utility improvements.

At the time, the program had nine pilot sites and funding of $500,000. Since then, it has grown into a $17 million program with more than 85 vetted sites hosted on a dedicated portal that is open to the public, with plans to scale to over 120 sites. VIP by DRP offers a blueprint to similar communities that have struggled to attract major developments.

Courtesy of Detroit Regional Partnership

When vehicle production ceased at Buick City, the nearly 400-acre site became one of Michigan's largest brownfields. After assessment by the VIP program, the site was subsequently redeveloped as the Flint Commerce Center by Ashley Capital.

Program Basics

VIP by DRP advances site readiness by conducting assessment reports on vacant properties and marketing them to site selectors and companies considering a move to the Detroit region.

The site assessment reports are conducted by one of five civil engineering consulting firms contracted by the VIP program, while the DRP's real estate team conducts additional assessments on demographic and workforce data and provides drone and directional imagery.

Analyzing between 25 and 40 data points that consultants and end users have identified as priority criteria when selecting sites (see page 20), VIP by DRP has built a database of more than 400 vacant industrial sites across southeast Michigan. Each quarter, about 12 of these sites are invited to join the program.

VIP by DRP discovers vacant sites in the region through a variety of sources, including listings from CoStar and other real estate databases, target sites identified by the DRP's county partners, and sites submitted for consideration by brokers.

There is no cost to join the VIP program. When accepting sites to the program, the VIP team considers a range of factors, including development potential based on initial site assessments and the acreage of the site. Another factor is site designation — brownfield or greenfield, urban, suburban or rural — as the VIP team seeks to include a variety of sites within its online portal.

For site owners, VIP by DRP acts as an extension of their team, helping to conduct neces-

sary due diligence and promote their sites to potential companies looking to locate in the Detroit region. Sites selected for the program can receive up to an estimated $216,000 in grant support.

All sites in the program begin with a comprehensive site assessment report involving an initial property assessment conducted by the VIP program's approved civil engineering land development experts. During this process, environmental and civil engineering teams conduct an in-depth evaluation of several key areas of the property, including utilities, easements, zoning and environmental conditions.

More than half of sites enter the second phase of research, which entails on-site investigation reports that can take from three to nine months. VIP by DRP has invested $3 million in this advanced phase alone, funding site assessment studies that site selectors and corporate end users often require for a site to be considered.

New and Noteworthy

200 units

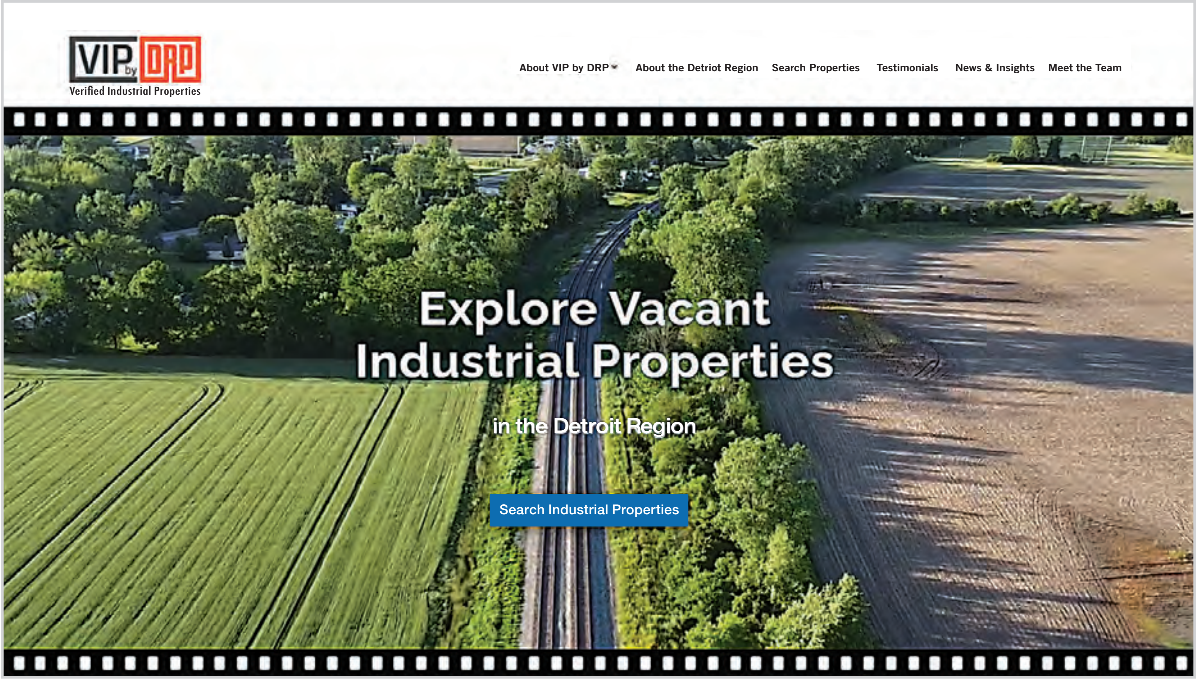
American Real Estate Partners converted a 1980s-era, 200,000-square-foot office building into **CityHouse Old Town**, a 199-unit **luxury apartment community** in **Alexandria, Virginia**. Designed in partnership with **Cooper Carry**, the office-to-residential conversion offers floor plans ranging from studios to three bedrooms, many with private terraces. Originally built before current zoning limits, the seven-story property with a six-story interior atrium rises above surrounding buildings to provide views of Old Town Alexandria and the Potomac River. Residents have access to a private club suite, a rooftop social terrace, coworking spaces, on-site parking and a modern fitness facility. The property is near the King Street Metro Station.

200,000 sq. ft.

Phoenix Rising Investments (PRI) and **Willmeng** recently completed work on their **AMPlify development** in **Chandler, Arizona**. The project converted a vacant 157,400-square-foot back-office building into a 200,000-square-foot **high-tech manufacturing facility** with a dedicated 50-megawatt substation with N-1 redundancy on-site. With the full redesign of the site and the dedicated substation, PRI was able to sign a Fortune 500 corporation to occupy the entire site. The 40,000-square-foot expansion includes 32-foot clear heights, office suites, lab space, meeting spaces, secured yards, a complete transformation of the air handling systems, and break rooms.

182,000 sq. ft.

AC Development topped out **Clayworks Building B3** at its new mixed-use district in **Golden, Colorado**. The four-story, 182,000-square-foot **office building** sitting atop a below-grade parking structure is the first vertical structure to reach its full height within the district. It features rooftop solar, 42 geothermal wells and a design that targets LEED Gold, LEED Zero and WELL certifications. **CoorsTek** is relocating its global headquarters to the space. Clayworks is transforming the original ceramics manufacturing site into a 1.25 million-square-foot district with office space, urban apartments, a boutique hotel and public areas. **Holder Construction** and **Tryba Architects** are partnering on the project.



A screen capture of the VIP by DRP homepage.

Courtesy of Detroit Regional Partnership

The findings of the first phase of the VIP program largely determine whether a site enters the second phase. The VIP team identifies sites with the greatest development potential and those that will meet the requirements of companies exploring the region for investment and expansion opportunities. Similar to the first phase, the VIP team seeks to ensure that a range of acreages, geographies, and greenfield and brownfield sites are advancing to this stage.

Deserving of Attention

VIP by DRP site assessment reports consider 25-40 data points identified by consultants and end users as priority criteria when selecting sites. These data points include:

- Acreage
- Zoning
- Land use
- Brownfield/greenfield designation
- Wetlands
- Topographic evaluation
- Flood plains maps
- Soil types
- Easements
- Utility provider information
- Workforce data
- Demographic summary
- Proximity to transportation infrastructure

This proactive site investigation saves potential buyers up to nine months in their development timelines. The funded studies include a formal land survey that meets American Land Title Association standards, soil borings and a corresponding geotechnical report, Phase 1 environmental site assessments, and wetland delineation when dictated by land conditions.

The VIP program's site studies provide "a much deeper dive" than what seasoned buyers typically expect to learn about a particular site, said **Paul Hoge**, senior vice president at Signature Associates, a full-service commercial real estate firm with eight regional offices in Michigan and northwest Ohio. "I think it actually enhances the marketability [of the sites] and the ability for people to understand what's being offered."

Dedicated to verified sites of 10 or more acres, including brownfield, greenfield, urban, rural and suburban sites, profiles in the portal include information on land use, proximity to infrastructure, and workforce data, as well as extensive maps and a drone video showing the lay of the land. Making this level of information readily available can help expedite the site selection and development processes.

In addition, developers and site consultants that choose to build on a VIP by DRP property are automatically considered for up to $100,000 in site activation planning. These funds can be used to get sites ready for development by conducting additional site studies, creating a site plan, conducting test fits or even investing in project management. The DRP prioritizes projects that create quality jobs in the advanced mobility and manufacturing sectors.

"The program can really unlock a lot of value, and there's not a whole lot of risk," said **Marc Werner**, regional vice president at NorthPoint Development. "It's a true partnership that at minimum can help create more visibility. In the best case, there can be real dollars applied to your project."

The Need for Development-Ready Sites

There is no shortage of competition when it comes to attracting major industrial developments. Companies investing in a new facility often have several options at their disposal and are operating on tight deadlines. Site selectors can't necessarily afford to wait for their desired site to be prepared for development. The VIP program can shave as much as 12 months off a company's or developer's timeline.

For years, the Detroit region — comprising 61% of Michigan's industrial real estate market — struggled to compete on the industrial development stage, largely due to a lack of readily available information about its industrial sites. Site selectors often have strict infrastructure specifications regarding water, wastewater and electric usage. Unable to promptly provide site selectors with this information, Detroit properties were routinely eliminated from consideration quickly, if they were considered at all.

VIP by DRP aims to solve this shortcoming by providing smaller communities with the expertise, partnerships and resources needed to land major industrial investments.

"Developers need the same information whether they're going to a large community or a small community, and we don't always have the resources to put that together, nor do our local landowners," said **Tyler Rossmaessler**, executive director with the Flint & Genesee Economic Alliance. The VIP program offers "a great opportunity for us to have more firepower and more access to information."

Case Study: Flint Commerce Center

In April, the recently constructed Flint Commerce Center, a VIP program site redeveloped by New York City-based Ashley Capital, hosted a ribbon-cutting ceremony to celebrate the successful lease of the industrial park's first building, measuring 330,000 square feet. This project helped the city of Flint to land a major developer and tenants that will bring more than 100 jobs to the community.

The site was once home to Buick City, one of General Motors' largest plants, employing 26,000 people during its heyday in the 1980s. After vehicle production ceased on the site at the turn of the century, it became one of Michigan's largest brownfield sites, totaling nearly 400 acres.

When the former Buick City site was submitted to VIP, the team got to work conducting site studies to prepare the property for a potential buyer. Ashley Capital has invested $300 million into the site to attract manufacturing and logistics tenants and is projected to create around 2,500 permanent jobs for the community once the redevelopment is completed.

Site readiness takes significant funding and dedicated staff. As the VIP program works to help revitalize similar sites around the Detroit region, it can serve as a blueprint for flipping the script in communities that are traditionally overlooked in the industrial real estate market. ■

Shannon Selby is vice president of real estate at the Detroit Regional Partnership.

New and Noteworthy

160,000 sq. ft.

GFF Design and Morris Adjmi Architects

Asana Partners and **Adolfson & Peterson Construction** began redevelopment of the former Oak Lawn Design Plaza, built in the 1970s, into **The Seam**, a 160,000-square-foot **shopping and dining destination** in the **Dallas Design District**. Asana Partners acquired the property in late 2023. The multimillion-dollar project will repurpose the 9-acre parcel into nearly 50 spaces for high-end retail, wellness and food offerings set in an open-air environment. Completion of the project is anticipated in spring 2026. **Morris Adjmi Architects** is the design architect, with **GFF Design** serving as the architect of record.

122 units

The Fallon Company topped off **One Harbor Shore**, the final building in the company's 21-acre Fan Pier master-planned neighborhood in **Boston**. Located along the Boston Harbor and the Harborwalk, One Harbor Shore is a 122-unit **luxury condominium** designed to complement the neighborhood's premier residential offerings. The building targets LEED Gold certification, is 95% electric and exceeds Boston's latest energy codes by 30%. With more than 3 million square feet of residential, commercial and public space, Fan Pier has played an integral role in establishing the Seaport as one of Boston's most activated neighborhoods.

61,000 sq. ft.

Oppidan Investment Company broke ground on a 61,000-square-foot **data center** on Argenta Trail in **Eagan, Minnesota**. It is one of only two ground-up data center projects currently underway in the state. The project is unique in its build-to-suit approach: Oppidan is serving as the landlord and directly financing, developing and delivering the facility in partnership with a tenant. Partners include the **City of Eagan**, the **Minnesota Department of Employment and Economic Development**, **Dakota County**, **Greater MSP**, **Dakota Electric Association** and **Great River Energy**. The project is expected to be completed in 2026. ■

Do you have a new and noteworthy project in the planning, design or construction stage that you'd like to share with fellow real estate professionals? Send a brief description and high-resolution rendering to developmentmagazine@naiop.org.

Location, Location, Disruption: Adapting Real Estate Strategies to Shifting Realities

Market instability and a lack of short-term clarity challenge investors and dealmakers.

By Tracey Hyatt Bosman, CEcD, CRE, Biggins Lacy Shapiro & Co.

Economic volatility, remote work, energy constraints and other pressures are forcing firms to continually adapt their real estate strategies. The current environment requires agility, resilience and long-term vision. This article explores key forces reshaping corporate portfolios and developer strategies — and how forward-thinking teams are aligning physical assets with evolving business realities.

Powered Sites: A Hot Commodity

The outlook for the data center market remains bright, with digitalization, artificial intelligence and quantum computing generating ongoing excitement.

Demand for AI-ready data center capacity is projected to grow at an average annual rate of 33% between 2023 and 2030, with AI-capable facilities expected to account for 70% of total demand by 2030, according to analysis from McKinsey & Company. Other industry projections call for a compound annual growth rate of 10% to 11% in the data center market between 2024 and 2030.

This growth is driving a seemingly insatiable demand for powered real estate.

On the other side of the equation, the electric infrastructure in the U.S. is facing significant constraints, including pressure to absorb the transformation to clean energy (requiring new load connections and infrastructure), delays in the availability of switchgear, and backlogs for Federal Energy Regulatory Commission approval.

Several indicators suggest that office occupancy rates are climbing toward pre-COVID levels of utilization.

monkeybusinessimages via iStock/Getty Images Plus

The mismatch in supply and demand for powered sites is attracting big dollars as private equity and other investors try to capitalize on this market opportunity. This has created an even steeper spike in demand for sites in the short term but could lead to more supply in the long term if investors can successfully convert raw land with access to power into developable sites.

Data centers aren't the only operations in need of sites, power-fed or otherwise. The past five years have seen record-low vacancy rates for industrial and warehouse space. While the three sectors don't have identical real estate priorities, there is significant overlap, setting up the potential for bidding competitions and escalating prices.

As investment continues to pour into AI, quantum computing and data centers, the industry's ability to outbid other uses will continue to expand. To the extent real estate developers observe this in their own markets, their assessment of the "highest and best use" for their property may evolve, leading to the repositioning of assets previously intended for manufacturing or warehouse space. A prime example of this is Prologis' efforts to identify buildings and sites in its portfolio to convert to data centers. Prologis, a global leader in logistics real estate, reported last December that it "expects to develop approximately 20 data center opportunities and $7-8 billion in additional investment" over the next four years.

It's often said that retail real estate is all about location, location, location (i.e., access to con-

sumers). Industrial real estate development is currently all about power, power, power.

Tariffs: Unpredictable Repercussions

Retail isn't the only sector that needs access to customers. The undulating tariff wars threaten to make access to consumers considerably more expensive for many companies.

The unknowns surrounding tariffs have caused many companies to simply hunker down. Once the dust clears and companies venture forth into decision-making mode once again, it's likely that many, whether domestic or foreign-owned, will have a new lens on access to the U.S. market. This will lead them to reconfigure location portfolios.

On the other hand, to the extent the trade war dampens economic growth, as some are forecasting, the result could be less demand for real estate as companies forgo expansions and potentially even contract to the point of releasing real estate.

In the short term, as the fluctuations continue, there will be renewed interest in bonded warehouses and Foreign Trade Zones (see page 24), which give companies more control over when they admit product and materials into the U.S. This allows companies to try to time the entries on days when tariffs are lower.

Longer-term outcomes are more difficult to predict. However, the tendency toward protectionism exhibited by the U.S. over several administrations would indicate that tariffs (or other barriers to entry) will also trend higher. This creates pressure on companies dependent on the U.S. market to consider whether increasing operations in-country would be advantageous.

Federal Incentives Overhaul

The One Big Beautiful Bill Act (OBBBA), signed into law July 4, represents a fundamental shift in the federal government's approach to economic incentives. Among the key outcomes were the Trump administration doubling down on the New Markets Tax Credits and opportunity zone programs, making them both permanent.

OBBBA continued the administration's diminishment of clean energy-related incentives; however, a few elements of Inflation Reduction Act (IRA) benefits survived (at least in part), including the Section 45X advanced manufacturing production tax credit.

Other federal investment stimulus programs continue, including Department of Agriculture

The unknowns surrounding tariffs have caused many companies to simply hunker down. Once the dust clears and companies venture forth into decision-making mode once again, it's likely that many, whether domestic or foreign-owned, will have a new lens on access to the U.S. market.

loan assistance and financing programs used in rural real estate development. Developers interested in utilizing these programs will be tracking the status of the Farm Bill, which is typically passed every five years. (The OBBBA contained some farming-related provisions but did not address the programs typically of interest to developers.)

As the Trump administration continues its overhaul of governmental operations, continued cuts to programs and funding seem likely, although the shocks will perhaps be lighter and less frequent going forward.

Access to People Still Matters

Although the office sector is no longer facing new, direct disruptions, it is still in the process of regaining its footing following the pandemic. Some companies that once focused on location, location, location (for labor) have questioned whether they still need a location (office) at all.

Yet there are signs of a gradual return to the office. As of January 2025, Kastle Systems reported 54.2% of-

A Look Ahead

A growing need for AI-ready data center capacity is driving escalating demand for powered real estate.

Gerville via iStock/Getty Images Plus

> ### Understanding Bonded Warehouses and FTZs
>
> **Bonded warehouses and Foreign Trade Zones** (FTZs) are designated locations that function as if they are outside U.S. customs territory despite being fully within U.S. borders.
>
> A bonded warehouse is a secured facility supervised by customs authorities where imported goods can be stored (generally up to five years) without paying duties until they are removed for domestic use.
>
> An FTZ designation is similar but also offers potential duty reductions and no time limits on storage. Within an FTZ, companies can assemble, test or manufacture products, as well as dispose of scrap material, before officially importing the goods into the United States or re-exporting them to other countries. Depending on the product and operation, the ability to manipulate goods within the FTZ can provide an opportunity to lower overall duties.
>
> Bonded warehouses and FTZs do not offer full protection from the impacts of trade wars, but under the right circumstances, they can provide greater flexibility and cost savings for importers.

fice occupancy (utilization), up from 23.6% in January 2021. (The general industry assumption for pre-COVID utilization was 60%.) Kastle has found a notably higher occupancy rate for Class A buildings. Weekly average occupancy dropped in July due to summer vacations, but the number of companies announcing increased expectations for in-office work suggests that occupancy rates will continue to increase on an annualized basis.

It will take time for the office sector to sort itself out, however. Vacancy rates — which indicate whether office spaces are leased, not whether they are physically occupied — remain near all-time highs, with the national average rising to 20%, up from 17.9% last year, according to Commercial Edge. Tech-heavy markets have been experiencing elevated vacancy rates of 25% and greater, but there are harbingers of hope. Manhattan's rate has been inching downward toward 16%, and Commercial Edge has Chicago's rate at just under 20% and holding.

With in-office work on the rise, the notion that large urban centers were going to be abandoned due to remote work seems to be falling by the wayside. Nevertheless, the prevalence of hybrid work and the continued presence of remote work mean that smaller urban centers and suburbs should continue to enjoy increased relevance.

Meanwhile, manufacturers, warehousing, research and development, and other sectors still need humans to show up for work each day. Labor availability will continue to be a critical factor for real estate strategy, especially with persistently low unemployment rates and shifting immigration policies.

Navigating Disruption

Real estate professionals are attempting to interpret and respond to what seems like a never-ending parade of disruptions. Market stability and short-term clarity are in short supply, making it a challenging environment for investors and dealmakers alike.

The key is tracking the right indicators and recognizing signals of the smoke "clearing" in real time. Among the signals to watch for are an easing in the availability of powered sites, a reduction in lead times for new interconnections with the grid, a slowdown in new tariff announcements, passage of the Farm Bill and stabilization of office vacancy rates. ■

Tracey Hyatt Bosman, CEcD, CRE, is managing director at Biggins Lacy Shapiro & Co., one of North America's largest specialty site selection and incentives advisory consulting firms.

Designing for a Transforming Multifamily Market

A survey reveals the level of priority modern renters place on cost, amenities, location and other factors.

By Stephen Lohr, Corgan

A combination of factors — including skyrocketing home prices and high interest rates, changing insurance policies due to climate risks, the rise of remote work and the burden of student loans — is contributing to a rental market that looks vastly different than it did 15 years ago. Multifamily developers are rushing to keep up by building affordable housing options to attract renters in this evolving market. But this raises a question: Do developers and property owners truly know what today's renters value?

To better understand how designers can meet the needs of residents, landlords and developers, Corgan's multifamily residential practice partnered with its research group, Hugo, on "Residency Reshaped," a report that provides data and insights into this transforming market. The project involved surveying nearly 1,500 renters and conducting in-depth interviews with renters, building managers and developers to investigate the reality of renters' decision-making, the desirability of amenities and design, and the impact of current economic conditions on renting versus owning.

The Sun Belt region has become critical to understanding the shifting dynamics of the U.S. housing market. With rapid population growth compared to the rest of the country, increased housing development and significant investment in rental properties, Sun Belt markets are at the forefront of nationwide trends. "Residency Reshaped" focused on renters, property owners and developers in six major Sun Belt markets: Atlanta, Austin, Dallas, Denver, Nashville and Phoenix.


peeterv via iStock/Getty Images Plus

Sun Belt markets such as Austin offer key insights for understanding the U.S. housing market's shifting dynamic.

Expectations vs. Reality

Two key questions underlie Corgan's report: What do today's renters actually want? How do those wants differ from assumptions held by owners or developers?

While there is some alignment between the two groups, there are also certain areas where developers and owners are operating under outdated or false assumptions.

Cost vs. Amenities

According to a 2022 survey by The Motley Fool, only 18% of landlords believed renters valued specific features more than they did affordable rent. However, the same survey found that nearly half of renters said getting the features they wanted was a higher priority than paying less. In terms of design features that renters valued, modern buildings and appliances, spacious layouts, security features and guest parking all ranked highly in the 2022 survey.

Corgan's research confirmed that while affordability is important to renters, needing more space and wanting better amenities are more powerful drivers for renters looking for a new place to live. In fact, more than 70% of the renters surveyed were willing to pay between $100 and $199 more per month for amenities across three categories (neighborhood assets, in-unit amenities and shared amenities), while less than 5% said they would not be willing to pay more for amenities. This suggests that developers can focus on targeted improvements to neighborhood assets, shared spaces and in-unit features, like upgraded appliances or green spaces, that support satisfaction and justify moderate rent increases.

Rethinking Location

While developers listed location as the most important factor in attracting renters, the surveyed renters put both affordability and amenities — especially amenities that help them to maximize value — ahead of location. Just over half of renters listed location in their top three attractors, with walkability, bike friendliness, public transportation access and nightlife commonly viewed as "must haves." Convenient shopping, restaurants, grocery stores and green spaces were cited as other performance features that directly impact renter satisfaction.

When considering location, owners and multi-

A Look Ahead

More than 70% of the renters surveyed by Corgan said they would be willing to pay higher rents in exchange for better neighborhood assets, in-unit amenities and shared amenities.

Anatoli Igolkin via iStock/Getty Images Plus

family developers should prioritize walkable, accessible locations near amenities for convenience. Designers should focus on incorporating and highlighting value-focused amenities like on-site gyms, saunas, coworking spaces and communal areas. These amenities enhance convenience and reduce residents' external expenses while also increasing the perceived quality of the location.

Individualizing Shared Spaces

Owners and developers have traditionally observed a lack of interest in communal amenities and assumed that renters prefer personal amenities. Corgan's research found that the most frequently used shared amenities include gyms, pools, laundry rooms, gardens and coworking spaces, emphasizing that shared amenities are most valuable to renters when they cater to individual routines rather than communal interaction. Renters prefer these spaces to enhance their personal lives and save costs on external alternatives, reflecting a shift away from communal expectations and toward individualized functionality.

Given that many shared amenities are seen as "must haves," owners, developers and designers should focus on the quality and convenience of these amenities. Upgraded fitness centers, interactive technology and flexible scheduling of shared amenities (allowing renters to plan for their individual use of a shared space) can boost functionality and meet high expectations. Properties with exclusive features that cater to personalized experiences — like wellness and fitness recovery spaces or private modular workspaces — help these properties to stand out.

Tech Expectations

Emerging technologies like electric vehicle (EV) infrastructure and smart home features are quickly becoming renter expectations rather than perks. More than 60% of renters reported that they plan to own an EV within three years, so developers might consider prioritizing EV charging stations. Similarly, more than 70% of renters expressed a desire for smart home technologies, including appliances, lighting, voice-activated assistants, smart locks and security systems, thermostats, energy management systems and home automation systems. Future-ready developments that embrace these advancements will be better positioned to stay competitive and meet evolving demands.

Given these desires, developers and designers should begin integrating smart home technologies and designing flexible units that are adaptable for future upgrades. Similarly, installing EV charging infrastructure and providing diverse parking options helps to meet evolving demands, ensuring sustainability and long-term market relevance.

Designing for Retention

While attracting renters is key for a successful development, retaining them is just as important. The "Residency Reshaped" report revealed an interesting contradiction in what attracts renters versus what keeps them around (and happy). While renters ranked design and layout at the bottom of factors in terms of attraction, the top two drivers for renters remaining in their current apartment were satisfaction with the current size and layout of their unit. Likewise, wanting a different layout and needing more space were among the top three drivers for deciding to rent a new unit. Amenities can also be a make-or-break determinant: Wanting better or different amenities is a top driver for leaving a multifamily property, while liking current amenities is a top driver for staying.

Properties that offer a balance of well-maintained spaces, timeless designs and adaptable layouts are more likely to retain tenants, especially as renters consider long-term rental as an alternative to homeownership. Designers can focus on flexible apartment layouts with space for home offices or small personal gyms that allow renters to personalize their units with customizable design options, enhancing both functionality and living experience.

Rental Longevity

In Corgan's 2024 survey, only 27% of current renters across three generations indicated plans to buy a home at the end of their current lease. As more renters find stability by renting over the financial gain of buying, their priorities are evolving. Understanding this shift means designing apartments with adaptable, spacious layouts and including high-value amenities that reduce external expenses. Future-focused smart home technologies that improve convenience as well as upgraded "must have" amenities will continue to grow in importance. By designing for these preferences, owners and developers can not only attract more tenants but also ensure renter loyalty in a competitive market. ■

Stephen Lohr is the multifamily sector leader at architecture and design firm Corgan.

Tackling a Need for Workforce Housing at the Local Level

Developers, construction firms and government programs are working to fill in the Dallas area's "missing middle."

By Aaron Docsa, Moss Construction

The development of workforce housing projects that offer the right blend of size, amenities and affordability is a challenging yet important opportunity for developers.

In the United States, cities large and small continue to struggle with a long-standing housing affordability crisis inclusive of workforce housing for middle-income households that don't qualify for subsidized housing but still struggle to afford market-rate housing. Often referred to as "the missing middle," workforce housing typically provides options for households earning between 60% and 140% of the area median income (AMI). This includes teachers, nurses, police officers and others who want to live in the communities where they work.

From the 1940s to the 1990s, housing was relatively affordable for many middle-income workers, as wages were correlated with costs of living, and the emergence of the 30-year mortgage made homeownership more accessible. But a major recession, a global pandemic, record-high inflation and other factors have since put homeownership out of reach for many people.

U.S. home prices have risen 60% nationwide since 2019, with the median existing single-family home price reaching $412,500 in 2024, or about five times the median household income, according to a study by the Harvard Joint Center for Housing Studies. Consequently, the national homeownership rate fell to 65.6% in 2024, marking the first decline in eight years, and dropped further to 65.1% in early 2025. The study also noted that the declining number of homebuyers influenced the renter population to increase by 848,000 in 2024. That same year, multifamily developers completed 608,000 new units, the most in nearly four decades, but while the number of higher-rent units has increased dramatically, the number of lower-rent units has fallen substantially. These trends underscore the urgency for affordable workforce housing.

Moss Construction is building The Walton at Loop 12 by LDG Development, which will deliver 300 new affordable apartment homes to the Dallas area.

Courtesy of LDG Development

Addressing Housing in the Dallas Metro Area

Despite boasting one of the strongest economies among all states, Texas has one of the worst housing shortages in the country. The Lone Star State needs 306,000 more homes than it currently has, according to a recent analysis by Up for Growth, a nonprofit that focuses on housing policy. In addition, a 2024 study by the Texas Demographic Center projects the state to gain as many as 5 million new people by 2036. Influencing factors include high levels of domestic and international migration, robust job creation in major metro areas, a relatively young population that contributes to higher birth rates, and economic opportunities and lower cost of living.

The closer one lives to downtown Dallas, the higher the cost of housing. To meet demand, the Dallas area is largely reliant on the construction of single-family homes and multifamily dwellings on undeveloped land far away from the city core, often requiring hour-plus commutes. This is far from an ideal solution for many workers. When residents cannot find housing to fit their needs, businesses suffer because they struggle to recruit and retain workers.

The city of Dallas has implemented several initiatives to address the need for more affordable housing, including:

Dallas Housing Opportunity Fund (DHOF): In partnership with the federal Community Development Finance Institutions Fund, DHOF supports affordable and workforce housing development. The partnership, launched in September 2022, is expected to create or preserve at least 1,500 housing units throughout Dallas by the end of 2031. As of late 2024, DHOF had supported nearly 500 units of affordable housing.

Dallas Housing Finance Corporation (DHFC): This program, launched in 1984, provides financial assistance

for mixed-income workforce housing developments through tax credits and incentives. Developments facilitated by DHFC financing provide housing for individuals and families earning 60% or below of area median family income. For fiscal year 2023-2024, the agency reported the facilitation of development of 1,652 multifamily housing units, of which 1,188 units (72%) were reserved for households earning 31%-50% of the AMI.

Dallas Public Facility Corporation (DPFC): Established in 2020, DPFC encourages the development of workforce housing communities by offering tax exemptions and financing options. In general, it seeks to develop and preserve mixed-income workforce housing communities to serve residents earning at or below 80% of the AMI and provide non-income-restricted units.

Dallas Housing Acquisition and Development Corporation (DHADC) Urban Land Bank Program: The DHADC, established in 2004, administers a program in which tax-foreclosed vacant properties are acquired and sold to developers for construction of affordable housing.

Numerous redevelopment projects in Dallas have included the repurposing of old office space into housing. According to RentCafe, Dallas ranks fifth in the nation for the size of its office-to-residential conversion pipeline, having more than 2,720 apartments converted from office spaces on the horizon. Some projects will include workforce housing. As an example, the City Council recently approved the acquisition of a 10-story office tower that will be owned by the DPFC and converted by High Street Residential into a 399-unit apartment complex that will include 160 below-market-rate housing units.

Here are a few of the other completed or ongoing projects in the Dallas area:

The Marcus Affordable and Workforce Housing Project: This initiative is bringing 76 new apartments to South Dallas, with 51% of the units rent-restricted to households earning 60% to 80% of the AMI. The project is supported by a DPFC tax exemption agreement with the city.

The Walton at Loop 12: Located almost 10 miles from downtown Dallas, Moss Construction is building this multifamily community by LDG Development that will bring 300 new affordable apartment homes to families earning up to 70% of the AMI.

Case Study: Cypress Creek Apartment Homes

In July 2024, Moss Construction broke ground on a 168-unit mixed-income community located 13 miles from downtown Dallas. Cypress Creek Apartment Homes will offer 116 units designated for residents earning up to 30%, 60%, 70% and 80% of the area median income (AMI). Of these, nine units will be allocated for people with disabilities, and four units will be available for unhoused individuals. The remaining 52 units will be market rate. Completion of the project is anticipated by the second quarter of 2026.

The development is a joint venture of Hunt Capital Partners, Bonner Carrington and Sycamore Strategies. Total financing of $86.3 million included:

- Funding of $20 million in federal 9% Low-Income Housing Tax Credit financing, awarded by the Texas Department of Housing and Community Affairs and syndicated by Hunt Capital Partners.
- $32.5 million in construction financing and $22.1 million in permanent financing issued by East West Bank.
- An $11.7 million soft loan by the city of Dallas.
- Funds from the Department of Housing and Urban Development's Community Development Block Grant Disaster Relief Program.

Additionally, 41 of the homes at the 30% of AMI level will utilize vouchers from the Walker Settlement Voucher (WSV) program, administered by the Dallas Housing Authority. The WSV program, designed to address historical housing discrimination in Dallas, offers opportunities to African American households to move into areas with reduced poverty rates.

Cypress Creek will offer one- to three-bedroom floor plans averaging 851 square feet. Apartment units will feature balcony and patio spaces, water-efficient plumbing fixtures, washer/dryer connections and Energy Star appliances. The complex will provide residents with a business center, clubhouse, swimming pool and gym.

Apartment Life, a faith-based, nonprofit organization, will provide free community services, including social events, exercise classes, health fairs, food banks and tax preparation assistance.

"Building diverse communities through quality housing solutions is not just about providing shelter; it's about creating opportunities for connection and growth. Cypress Creek Apartment Homes will welcome residents of various income levels and offer an inclusive community where they can prosper in a high-opportunity area," said **Omar Chaudhry**, senior director of acquisitions at Hunt Capital Partners.

Cypress Creek Apartment Homes is a 168-unit mixed-income community being built outside of Dallas.

Courtesy of Hunt Capital Partners

Jefferson Terry: This new multifamily project under development in McKinney, a suburb about 33 miles north of downtown Dallas, will consist of 393 rental units. Development and construction company JPI, in partnership with the McKinney Housing Authority, is spearheading the project. According to city documents, at least half of the residences will be reserved for households earning less than 80% of the AMI, with 5% set aside for households earning less than 30%.

The Starling in Princeton: NRP Group LLC developed an apartment complex in the suburb of Princeton, about 44 miles north of downtown Dallas, as part of a mixed-use project. The Starling is a workforce housing project, with half of the units reserved for people making at or below 80% of the AMI.

Construction Companies Are Making a Difference

To help stimulate development, construction companies are increasingly involved in providing or facilitating workforce housing. Moss Construction's experience in this space has enabled the company to devise best practices to help developers lower costs and find timeline efficiencies.

Best practices for workforce housing construction include leveraging innovative techniques and technologies. Prefabrication and modular construction, whereby some components are built off-site in controlled environments, can be done in parallel to other on-site activities and are largely unaffected by on-site weather delays. Design standardization such as repeating unit layouts, structural systems and finishes across floors or buildings shortens design time, allows bulk purchasing of materials, reduces construction complexities, and speeds up permitting and inspections.

Integrated Project Delivery empowers early and continuous collaboration between architects, engineers, contractors and owners, which translates into reduced change orders and rework. Moss has found that early involvement in a project promotes working hand in hand with design partners and consultants to uncover constructability challenges before they impact the budget or schedule. Robust construction management software helps streamline planning, scheduling and communications, resulting in fewer errors and improved overall efficiencies.

Lean construction practices, a project management philosophy derived from lean manufacturing principles, can eliminate waste and optimize workflows. Typical problems on a site can include materials arriving too early and sitting unused, crews waiting for others to finish before they can do their tasks, and last-minute design changes that torpedo schedules. Lean construction addresses these types of issues by streamlining workflows, improving communication and aligning all team members around the most important goal: delivering value to the client. ■

Aaron Docsa is senior vice president at Moss Construction.


Flourishing
Forward
Granite's amenity-rich portfolio meets the highest standards for quality and functionality. Our properties are thoughtfully designed, providing exceptional environments for our customers to flourish and succeed.
23Springs Dallas, TX *Recently Completed 2025*

Adaptive Reuse Alleviates Student Housing Shortage

San José State University's Spartan Village offers a potential model for other urban universities.

By Ian Colburn, Multistudio

When San José State University (SJSU) faced a student housing shortage of crisis proportions, with demand exceeding capacity by 125%, its leadership was prepared for the slow road: years of master planning, environmental review and new construction. Instead, a collaborative design-build team composed of developer Throckmorton Partners, architect and designer Multistudio, and general contractor Build Group presented an alternative — transform an underused downtown hotel into student housing.

The result, Spartan Village on the Paseo, a half-mile walk from SJSU's main campus, is a compelling case study in adaptive reuse and public-private partnership that offers actionable insights into how to deliver value faster, more sustainably and with less risk. "From a design and planning perspective, this project proves that adaptive reuse isn't a fallback; it can be a first-choice strategy," said **Bob Baum**, principal emeritus at Multistudio. "We preserved the structure, accelerated the timeline, reduced emissions and created a space that serves both the campus and the city."

The project delivers tangible takeaways for developers, architects and institutional stakeholders, including how to navigate "change of use" in a university setting, how design-build teams can compress delivery timelines and how adaptive reuse can align with financial, sustainability and community goals.

A former Signia by Hilton hotel was converted into Spartan Village on the Paseo, amenity-filled student housing with approximately 700 beds and on-site dining.

Photo by Bruce Damonte, courtesy of Multistudio

What Made This Project Possible?

Throckmorton Partners, a privately held investment platform focused on investments in multifamily housing assets, was keen to home in on an emerging gap in the hotel market, as numerous locations were closing at the same time SJSU published information regarding a lack of student housing in fall 2021. Multistudio and Throckmorton Partners conducted a feasibility study that involved a review of existing building spaces in proximity to the SJSU campus and the potential to alter them, including converting hotel conference space to student amenities. The study and concept design were then presented to SJSU leadership, which were intrigued by the potential to add 700 beds to the university's housing quiver in a short period of time, prompting the school to act quickly and embrace the project.

The chosen building, formerly a 264-room Signia by Hilton that opened in 2002, offered a combination of structural, spatial and locational advantages, making it well suited for conversion to student housing, especially under an aggressive timeline. The hotel's ballrooms and conference centers were repurposed into group study lounges, food service areas and recreation spaces, allowing a whole campus residential experience without building new common areas from scratch. The Sky Lounge, created from the hotel's connecting sky bridge above the Paseo de San Antonio, offers students a unique study and socializing space while symbolically connecting the university campus to downtown San José.

"Spartan Village on the Paseo will not only provide an amenity-filled living experience for our students," said SJSU President **Cynthia Teniente-Matson** prior to opening, "it will also further solidify the bond between our university and the downtown San José community."

Designed for Speed, Function and Community Integration

Multistudio's approach centered on enhancing the existing facility to fit the specific needs of the university and the community it serves. Rather than gutting the structure or heavily altering the facade, the team maintained the building's original form, removed any unnecessary materials and inserted key elements with natural wood and warm finishes. Former ballrooms became student lounges and a 270-seat cafe. Linen closets were converted into laundry rooms. Ice machine spaces became maintenance hubs. This creative repurposing saved time, materials and costs.

The Sky Lounge, which previously served as a connecting sky bridge for the former hotel, now provides students with a unique space to study and socialize.

Photo by Bruce Damonte, courtesy of Multistudio

Rather than isolating students within a campus perimeter, Spartan Village on the Paseo connects them with San José's downtown community. This integration supports the university's expansion goals and broader civic efforts to reinvigorate the city's core. The influx of 700-plus students has increased foot traffic on the Paseo de San Antonio, a key pedestrian corridor lined with retail, cultural institutions and public spaces. Parking was not a requirement for the project, as there is ample surface parking downtown.

Sustainability by Design

Sustainability was a driving factor in design decisions. Reusing the structure avoided emissions associated with demolition and new construction. The building was retrofitted to eventually be all-electric, with a fully electric commercial kitchen serving students three meals per day. Construction materials were vetted against the Living Building Challenge Red List to eliminate harmful substances, nearly achieving a fully green list. These interventions brought the building into compliance with California's Title 24 energy standards and positioned it to perform at a LEED Silver level.

Adaptive Reuse as an Institutional Strategy

Originally, SJSU planned to meet its housing goals through ground-up development. However, once presented with a detailed, cost-effective reuse plan, university leaders saw the opportunity to act more quickly — and with significantly lower environmental and financial costs. "This project redefined what the university believed was possible," said **Brian Davey**, president of Build Group's Signature Interiors division. "It shifted the perspective, inviting the city into the campus and transforming the surrounding environment from an edge into an integral part of the academic experience."

SJSU is now exploring additional downtown properties for academic and residential use, suggesting that Spartan Village has shifted long-term master planning in favor of more nimble, scalable solutions.

Practical Takeaways for Developers and Academic Institutions

The following elements make Spartan Village a prototype for similar institutions:

- A proactive private sector approach, rooted in feasibility.
- Strong university buy-in paired with flexible risk-sharing: The developer entered into the original purchase. For the purchase to be approved/underwritten, it was required that the lease agreement with SJSU be in place. Eventually, SJSU will purchase the project.
- Design-build collaboration that allowed concurrent progress on multiple fronts.
- Focused stakeholder alignment to streamline approvals: The developer (owner) is a private entity. SJSU is a state-run school, and the Paseo is a state easement that has the Sky Lounge bridging over it (essentially private space over public land). SJSU had to agree to eventually purchase the property so that the state wouldn't require the Sky Lounge to be removed. All stakeholders aligned under a tight schedule.
- A design strategy that embraced, rather than erased, the building's bones.

At the same time, it is important to acknowledge that the project team had to address several challenges throughout the process, including:

- Navigating "change of use" through multiple public agencies
- Balancing state building codes with institutional requirements
- Managing tight timelines for furnishing and occupancy readiness
- Retrofitting building systems while minimizing disruption to the structure

As urban universities navigate affordability pressures, enrollment growth and sustainability mandates, Spartan Village offers a replicable model for utilizing adaptive reuse as a primary strategy, not just a fallback. By leveraging the built environment creatively and collaboratively, institutions can meet urgent needs while strengthening ties with their surrounding communities. ■

Ian Colburn is vice president at Multistudio, a multidisciplinary architecture, design and planning practice.

Key Project Details

Development cost: $33 million

Timeline: 13.5 months
(8 months permitting, 5 months construction)

Residential units delivered: 264

Square footage: 216,968 square feet

Expected carbon savings: Approximately 12,000 metric tons over 60 years

Twenty Years of Mixed-use Success at Market Street

An early adopter of New Urbanist principles continues to embrace strategies for place-making.

By Terry Montesi, Trademark Property Company

Twenty years ago, the standard for a successful retail real estate development was a traditional enclosed mall or a strip center with a sea of parking. For decades, these development formats were rinse and repeat, as they worked especially well in the suburbs, where many Americans were buying homes and driving was the primary mode of transportation.

When Market Street opened in 2004 in The Woodlands, Texas, a master-planned community north of Houston, it was one of the first developments of its kind to buck this trend. Instead of applying the typical suburban approach to retail, Trademark Property Company designed Market Street to follow New Urbanist principles, which prioritize walkable, human-scale development. As a grocery-anchored mixed-use community featuring high-quality, street-level retail, Market Street was breaking the mold.

More than two decades on, it is clear this commitment to a pedestrian-focused, mixed-use plan has contributed to Market Street's resilience. The approach has enabled the development to consistently attract quality tenants, command top-of-the-market rents and serve as a vibrant open-air town center for The Woodlands community.

Market Street currently features 375,000 square feet of street-level retail, 115,000 square feet of Class A office space, 15 restaurants and a 70-room, 70,000-square-foot Hyatt Centric hotel. Despite constant evolutions in the retail sector, Market Street continues to hold up with a strong place-making and merchandising strategy that powers its success.

From the Beginning

Trademark was introduced to The Woodlands in 2000 through a long-standing personal relationship between **Tony Chron**, a senior Trademark leader, and a member of The Woodlands Development Company team. After years of informal conversations, Trademark was invited to make an offer on the land after The Woodlands tried to plan and develop it but changed course to create some liquidity. While Trademark had incorporated place-making, public art and grocery-anchored centers into projects before, Market Street represented its first fully integrated mixed-use town center. The opportunity appealed not just because of the project's location and scale, but because it aligned with Trademark's growing conviction that walkable, mixed-use developments were the future of suburban retail.

Initially, public officials and industry peers expressed concerns that Market Street's open-air, pedestrian-first format strayed too far from the traditional enclosed mall or strip center model, especially in a suburban market. Many questioned whether placing parking behind buildings, allocating valuable space to a central green and integrating multiple uses would work. To address these concerns, Trademark leaned into data, precedent and vision, showing how the design would enhance community life. Ultimately, Trademark advanced the project through a public-private partnership with The Woodlands Town Center Improvement District and a design that reflected urban planning principles that had proved successful in great cities around the world.

Executing the Mixed-Use Approach

To shape the retail strategy at Market Street, Trademark studied the country's few successful preexisting urban mixed-use developments, such as Easton Town Center in Columbus, Ohio; Kierland Commons in Scottsdale, Arizona; and Southlake Town Square in Dallas-Fort Worth, as well as numerous authentic, walkable urban town centers. As this was still a relatively new concept

Initially, public officials and industry peers expressed concerns that Market Street's open-air, pedestrian-first format strayed too far from the traditional enclosed mall or strip center model, especially in a suburban market.

Courtesy of Trademark Property Company

Rather than placing parking in front of the stores, the team prioritized walkability by designing Market Street with on-street parallel parking to mimic a true main street experience.

The current mix at Market Street is 67% retail, 20% office and 13% hospitality.

and Trademark's first mixed-use development, research was a critical part of the process. Trademark was an early adopter, applying best practices from pioneers in mixed-use space and real cities to shape the Market Street experience.

As part of the process, Trademark carefully studied the size and function of public spaces, walked down various streets and attended industry conferences to better understand the elements that lead to successful mixed-use projects. Interactions with **Andres Duany**, the father of New Urbanism, proved incredibly illuminating, as his feedback reinforced the importance of scale, connectivity and the sequencing of public space — factors that can make or break a pedestrian experience. He challenged Trademark to think beyond aesthetics and prioritize how people would actually move through and interact with the environment day to day. That influenced everything from street width to placement of seating and shade.

One of the development's central goals was to ensure that guests were in an environment they loved. Through the course of conducting research and engaging in active listening to understand the wants and needs of the community, walkability and street-level vibrancy emerged as top priorities.

Working with the Development Design Group, a third-party architectural partner, Trademark devised a plan that went against the grain of what was typical for that time. Rather than placing parking in front of the stores, the team prioritized walkability by designing Market Street with on-street parallel parking to mimic a true main street experience. Larger surface lots and structured parking were intentionally located behind the buildings to keep the pedestrian environment active and inviting. Likewise, instead of filling every square inch of the site with buildings or parking, space in the property's center was dedicated to a central green (Central Park) for people to gather with friends and family.

While the project was overwhelmingly retail-focused at the outset, the shifting dynamics of the fast-growing Woodlands community eventually supported additional office space and the introduction of a hotel. Today, Market Street is 67% retail, 20% office and 13% hospitality.

The Art of Place-Making

Another essential aspect of the development was the incorporation of public art and cut-above building design. Community members can feel the difference when an investment in beauty is made in the spaces in which they spend their time. This commitment to artistry and architecture helped to create a distinct sense of place for Market Street.

Creating an emotional connection between guests and the property is one of the key ingredients for strong place-making.

When Trademark introduced the concept for Market Street more than 20 years ago, it faced skepticism about the viability of placing parking behind buildings, dedicating space to a central green and integrating multiple uses into the site.

Courtesy of Trademark Property Company

By engaging with residents and listening to their wants and needs, Market Street has become the heart and soul of The Woodlands, reflecting the growing trend of place-making in modern developments. Market Street hosts regular community events, including seasonal programming, art installations and pop-up activations, to keep the experience dynamic. Additionally, Trademark monitors tenant mix, performance and guest feedback to make informed updates that keep the property evolving with the community's needs.

> Creating an emotional connection between guests and the property is one of the key ingredients for strong place-making.

Over Market Street's 20 years, Trademark has added elements such as Central Park, pop fountains, public art, valet parking and a concierge service to create an environment where people feel well served and cared about. The community actively engages with the public art, capturing memorable photos and interacting with various sculptures. For example, the bronze donkey sculpture, "Primrose," a $15,000 investment installed in 2004, now has a hollowed-out back, while its gold is worn smooth over time by countless children posing for photos.

Developing a Strong Tenant Mix

Curating the right tenant mix is key to appealing to a broad range of consumers and creating a place that seamlessly integrates into the community. Trademark's approach for Market Street blends a mix of luxury, gourmet grocery, essential services, office space and hospitality, all designed with a strong sense of scale and attention to detail. These offerings not only create a welcoming environment but also drive strong productivity from a sales perspective.

Today, Market Street tenants generate annual sales exceeding $300 million. Notably, tenants with spaces under 10,000 square feet, roughly 65% of Market Street's total tenant space, generate more than $1,000 per square foot in sales. The property features brands such as Tiffany & Co., Louis Vuitton, Yves Saint Laurent, Gucci, Jo Malone and Lululemon as well as restaurants including Sixty Vines, True Food Kitchen, Mastro's Ocean Club, Bosscat and Sweet Paris. Last year, Market Street welcomed Golden Goose, Oliver Peoples, YETI, Hugo Boss and Alo to the community and opened new and improved spaces for LUSH, J.Crew, TUMI and Thomas Markle.

"As the community evolved into a trade area with more employees and office workers than households, Market Street has evolved alongside it," said **Tommy Miller**, managing director at Trademark. "Every step of the way, as The Woodlands became more affluent, diverse and sustainable, with a large daytime workforce, Market Street has continued to adapt and grow." ■

Terry Montesi is the CEO and founder of Trademark Property Company.


Bassett

On Leadership: Brandon Kelly

The president and CEO of R.J. Kelly (RJK), located in Burlington, Massachusetts, discusses the evolution of his family's company, his approach to leadership and what it takes to succeed in commercial real estate.

By Ron Derven

Brandon Kelly

"My experience in the NAIOP National Forums was one of the primary catalysts for RJK's shift to working with institutional capital, which has been critical to our current trajectory."

Brandon Kelly, president and CEO, R.J. Kelly

Development: *Please tell us about RJK.*

Brandon Kelly: We're a vertically integrated investment, development, management and construction firm focused on maximizing returns for our investors and creating value for our tenants. Our roots are local — New England is our home — but we're asset-class agnostic. We move between industrial, flex, office, retail and storage, and we dabble in multifamily — wherever we see value and can leverage our platform.

We are basis investors [investors that buy into a property based on its cost basis], and when we combine excellent basis with our vertically integrated platform, we realize the best investment performance. We've grown from half a million to 6 million square feet under management in the past 12 years. We acquire and dispose when the time is right, but we are always tactical. We are a true operator that immerses ourselves in our investments. The key is being nimble and never getting stuck in one lane.

My father, **Richard J. Kelly**, started the company. His first job was plucking corn on a farm. Early on, he realized he could do more than pick corn because he was industrious and good with his hands. He started building chicken coops, then moved on to framing houses after discovering he had a knack for it. Eventually, someone loaned him the money to build his first spec house, which he completed in the 1950s. From there, he kept recycling his equity into new investments, whether it was homes, small strip retail or, in the 1970s and 1980s, office buildings. He was basically a one-man band, with a few people working alongside him in construction and some office staff supporting him. Through all that, he was able to build a good life for himself and his family. He always took a lot of pride in what he built and wanted his children to be involved in the business. I am the youngest of his six children.

Development: *When did you decide to get into the family business?*

Kelly: After college, I moved to Boulder, Colorado, but when my father had a minor health scare in 1998, I came back to help him. I left again because I wasn't sure there was enough opportunity for growth in the business. I returned in 2001 when it was clear the company needed to evolve. Back then, we were still a small operation, but I saw the potential if we shifted our mindset and brought in outside capital and new ideas. My experience in the NAIOP National Forums was one of the primary catalysts for RJK's shift to working with institutional capital, which has been critical to our current trajectory.

Development: *Are other family members involved in the business? What about the next generation?*

Kelly: My brother, **Scott Kelly**, has been here for a lot of RJK's growth, but he's retiring this year. We started as a family business, but we've evolved beyond that. Everyone who works here today is part of the R.J. Kelly family. We believe in meritocracy. If our children want to work here, they'll first have to earn it working outside the company.

Development: *You co-founded RJK's storage division, which has helped the business to grow over the years. How did that come about?*

Kelly: In the late 1990s/early 2000s, we had a broken strip mall, 127,000 square feet, with a lot of vacancy. My dad built it, but we lost some anchor tenants before we even opened the doors. We'd heard


Our future is built on
Relationships
CenterPoint
centerpoint.com

about self-storage, so when I came back to the business, that was the first thing we tried. We converted part of the building, and it turned out to be a great asset class.

Back then, people looked at you like you had three heads when you said you were in self-storage, but now there's a wall of capital chasing it. Over the years, we've built, bought and sold a lot of storage. It's only about 10% of our portfolio now, but it played a key role in our transformation. In fact, our first large-scale portfolio aggregation was in the self-storage space.

Development: *What is your primary role as CEO?*

Kelly: My main job is to focus where I can create the most value for our investors and the platform. Sometimes that means being deep in asset management or acquisitions; other times, it's construction or repositioning a building. As we've grown, my challenge has been to step out of the weeds and let our team be more autonomous. The more we grow, the more I have to give up. That's not always easy for a hands-on person like me.

Development: *RJK has experienced tremendous growth over the last decade. What has been your greatest leadership challenge?*

Kelly: Managing growth while ensuring we have the right systems and people in place. As you scale, you must provide autonomy so people can execute while simultaneously ensuring that everything gets done right. It's a balancing act: letting go where you can but stepping in when you must.

The hardest part is getting out of the weeds and focusing on big-picture value creation. Fortunately, we've created a company and a culture that attracts like-minded CRE professionals who want to work at a firm where they can truly be engaged with our investments. Many of our senior team members came from the best and brightest institutional firms. They had successful careers there but may have been stuck in one silo. At our firm, everyone understands the nature of an operator and how fun and exciting commercial real estate can be when you have the mindset of an owner.

Development: *What do you look for when hiring senior staff?*

Kelly: The right person must fit our culture — no big egos, no lone wolves. We want autonomous individuals who are also team players and have humility. If you get the wrong person in a key role, it can be a disaster. When that happens, you must be willing to pivot quickly.

Development: *How do you define leadership at RJK?*

Kelly: I try to be an engaged leader — someone who listens but is also decisive. Leadership means providing autonomy but also guidance. I care deeply about everyone in the company and want them to realize their own success, whatever that looks like.

Development: *When internal conflicts arise or mistakes are made, how do you handle them?*

Kelly: We are decisive and get to the root cause. We don't vilify people for making mistakes, but we don't tolerate repeating the same mistakes. Everyone must learn from errors and own them. It's about creating a learning environment, not a blaming environment. What matters is how you grow from your mistakes.

Development: *What is your outlook for commercial real estate in your market over the next few months?*

Kelly: We're optimistic because we're nimble. We don't have a fund structure or a set lane. We go where we see opportunities, whether that's in office, industrial, flex, retail, storage or multifamily. There is always opportunity — the challenge is finding it.

We have very high convictions about our investments. When we see opportunity, we act swiftly to have as large an impact as a market will support. Whether it is a basis buy of a well-located office building in Boston that needs some new energy or a wholesale pivot to a market with upside to uncover, the key is staying ahead of the herd, not chasing yesterday's trend. For example, we started to invest heavily in New Hampshire in early 2021. We now own almost 3 million square feet of what we like to call "essential industrial" in and around the major New Hampshire markets.

As we've grown, my challenge has been to step out of the weeds and let our team be more autonomous. The more we grow, the more I have to give up. That's not always easy for a hands-on person like me.

Brandon Kelly

Development: *What is the best advice you've received in your 35 years in the business?*

Kelly: The best advice I have received is to "read on" and "dig deeper." Never accept things at face value. Another

piece of advice is that there is always enough business to go around for the good people in the market. Therefore, work with good people, treat people right, and take the long view. And a third important piece of advice is never think you're too good to do any job in the company. I still pick up trash outside our buildings. Ownership is for everyone.

Development: *What's the most important lesson you've learned?*

Kelly: To learn from your mistakes and not take yourself too seriously. Have humility and be honest when you don't know something. Listen to your team — they will see things you don't.

Development: *You're very active in your community, as was your father. Why is that important to you?*

Kelly: If we can use our talent and success to help others, we will do that. My mother has lived with multiple sclerosis since 1974, so we support MS research, cancer research and many groups.

Development: *How do you relax away from work?*

Kelly: Family comes first. I have two teenage daughters, so I spend time with them when they'll let me. We're active skiers, mountain bikers, fishers and travelers. I love to get out with my wife and kids. Staying healthy and sharp is important to me, so at the end of the day, you'll probably find me on my bike in the woods. ■

Ron Derven is a contributing editor to Development magazine.

We don't have a fund structure or a set lane. We go where we see opportunities, whether that's in office, industrial, flex, retail, storage or multifamily. There is always opportunity — the challenge is finding it.

Brandon Kelly

FOR SALE

HAWAII DEVELOPMENT OPPORTUNITIES

1646 KAPIOLANI BLVD

1646KapiolaniBlvd.com

SCAN FOR VIDEO

Urban Infill Development

This offering represents the opportunity to acquire a rarely available, level grade property containing nearly 33,000 square feet of land area in the highly sought after Ala Moana neighborhood benefiting from Transit Oriented Development (TOD) density enhancements.

SCAN FOR VIDEO

EWA HOTEL WAIKIKI

EwaHotelWaikiki-CBRE.com

Value Add Hospitality

The hotel is positioned at the eastern end of Waikiki, just steps from the famous Waikiki Beach, the Pacific Ocean, Diamond Head, Kapiolani Park, the Royal Hawaiian Shopping Center and the International Market Place. Situated on 15,000 square feet of leasehold land, the hotel contains 92 guest rooms, and an 8th floor rooftop deck with views of the ocean and Diamond Head.

WAIKOLOA LIGHT INDUSTRIAL CENTER

WaikoloaLightIndustrialCenter.com

Industrial

The offering represents 7.61 acres of land with plans for approximately 119,000 square feet of leasable space within 89 bays which has been approved by the County of Hawaii.

SCAN FOR VIDEO

INVESTMENT CONTACTS

Yasuyuki Kojima (S)
Senior Vice President
+1 808 541 5109
yasuyuki.kojima@cbre.com
Lic. RB-72619

Andrew D. Reenders (B)
Vice President
+1 808 541 5146
andrew.reenders@cbre.com
Lic. RB-21784

The Legal Implications of a Continuing Lease Guaranty

Jurisdictions differ in how they interpret enforceability of this provision.

By Noble F. Allen, Hinckley Allen

A guaranty secures the faithful and timely performance of a tenant's obligations under a lease and ensures that the landlord can legally pursue the guarantor in the event of a tenant's default.

A lease guaranty can come in a variety of forms: unconditional; limited or restricted; and "good guy"/"good gal" guaranties. Furthermore, a guaranty can also be deemed a "continuing guaranty," which essentially means the guarantor's obligation to the landlord is intended to cover future transactions such as lease renewals and extensions. This article will primarily focus on the legal effect of continuing guaranties.

Regarding a continuing guaranty, what happens when the landlord and tenant decide to make subsequent changes to the lease without the guarantor's consent or input? Would the original guaranty still be deemed valid or invalid? Does a continuing guaranty need to include specific language stating that the guarantor must agree to waive any notice regarding future extensions or amendments to the lease for the guarantor to be held liable when the tenant breaches the lease?

The answers to these questions vary slightly based on the jurisdiction in which the dispute will be resolved or litigated. In some jurisdictions, even if the guaranty contains a continuing guaranty provision — which is often unlimited in time and does not require notice to or consent of the guarantor — a landlord may still be left unprotected. In other jurisdictions, a landlord may or may not be able to hold the guarantor liable if the lease was later amended without some sort of endorsement or consent from the guarantor. In a few jurisdictions, a material change to the underlying lease will vitiate any of the guarantor's future liability.

sturti via E+

In some jurisdictions, even if the guaranty contains a continuing guaranty provision — which is often unlimited in time and does not require notice to or consent of the guarantor — a landlord may still be left unprotected.

Variations in Enforceability

The following offers a sampling of how courts in various jurisdictions might address these issues:

In Rhode Island, so long as the language is clear and unambiguous, the provisions of a continuing guaranty will be held valid and enforceable, particularly when it contains an express provision waiving the guarantor's right to receive notice of any changes to the underlying lease.

Similarly, in Massachusetts, courts will enforce the provisions of a continuing guaranty when the express terms waive the guarantor's right to notice of and assent to subsequent changes or modifications to the lease.

New Hampshire does not have a substantial amount of case law on the specific issue of continuing guaranties. However, under state law, a guaranty will be governed by contract law and the extent of the guarantor's liability will be directly tied to the specific terms of the guaranty. If a fair reading of the guaranty, "taken as a whole," is clear and explicit and demonstrates the guarantor's intent to assume the tenant's debt upon default, then a continuing guaranty will be fully enforceable.

Whenever possible or feasible, the landlord should have the guarantor sign a reaffirmation of the guaranty anytime a material change is made to the underlying lease.

In Connecticut, courts will evaluate the enforceability of a continuing guaranty based on the intentions of the contracting parties. Even when a continuing guaranty is intended to be unlimited in time or contains a notice waiver, Connecticut courts will generally limit a guarantor's liability to a period that is reasonable considering the circumstances of that case. However, if multiple renewals of a lease were expressly anticipated and acknowledged by the guarantor at the time the guaranty was executed, the guarantor's liability will be fully enforceable.

In New York, a guaranty is construed in the strictest manner and the guarantor will be held to the express provisions of that guaranty. A guarantor's obligations will not be extended beyond the express terms of the guaranty, and the guarantor will most likely be released from liability if the underlying lease is modified in any manner without the guarantor's prior consent. Conversely, a continuing guaranty containing a guarantor's waiver of notice regarding future lease modifications will be subject to the same strict standard and enforced by New York courts.

In Illinois, a continuing guaranty that does not contain a specific time frame will not extend the guarantor's liability beyond a "reasonable" time under the circumstances of that case. Furthermore, notwithstanding a waiver of notice provision, if the court deems the modification to the underlying lease to be a "material" or "essential" change, such that the guarantor is exposed to an increased risk that it did not originally anticipate, then the guarantor might be able to

In drafting the guaranty, the expectations of both the landlord and the guarantor must be unambiguous and crystal clear regarding the waiver of notice and the scope and duration of the guarantor's future liability.

establish sufficient grounds to be released from liability.

Under Florida law, a continuing guaranty is enforceable if it expressly states the guarantor will be liable for future extensions and renewals. Florida also recognizes the rule that a continuing guaranty remains in effect until revoked by the guarantor.

Takeaways for Landlords and Guarantors

Given this divergence in how certain jurisdictions interpret the enforceability of a continuing guaranty, there are two main takeaways:

1) Whenever possible or feasible, the landlord should have the guarantor sign a reaffirmation of the guaranty anytime a material change is made to the underlying lease. This is a full-proof mechanism to ensure that the guaranty will be fully enforceable, no matter the jurisdiction.

2) In drafting the guaranty, the expectations of both the landlord and the guarantor must be unambiguous and crystal clear regarding the waiver of notice and the scope and duration of the guarantor's future liability. Specifically, the guaranty should contain clear, specific language concerning whether the guarantor must be notified (or not) of any future changes to the underlying lease terms. In addition, it should contain clear language regarding the scope and duration of the guarantor's liability (e.g., whether it is limited to the term of the underlying lease, or any expectation that it will include future modifications, extensions or renewals). ■

Noble F. Allen is a partner in the real estate group of Hinckley Allen, where he practices in the area of litigation, including commercial landlord/tenant law.

Accessing Institutional Capital in a Mature Real Estate Industry

Real estate sponsors are exploring options such as niche property types and alternative private capital solutions.

By John Sweeney, Park Madison Partners

Closed-end private equity funds have long been the primary avenue for real estate sponsors to secure institutional capital commitments. However, as the institutional real estate industry matures, breaking in as an emerging manager is increasingly difficult.

Yet amid these challenges, opportunities remain for best-in-class sponsors — particularly specialized operators — to raise funds. Alternative private capital solutions are also creating new pathways to success in an increasingly competitive fundraising environment.

A Mature Industry That Favors Incumbents

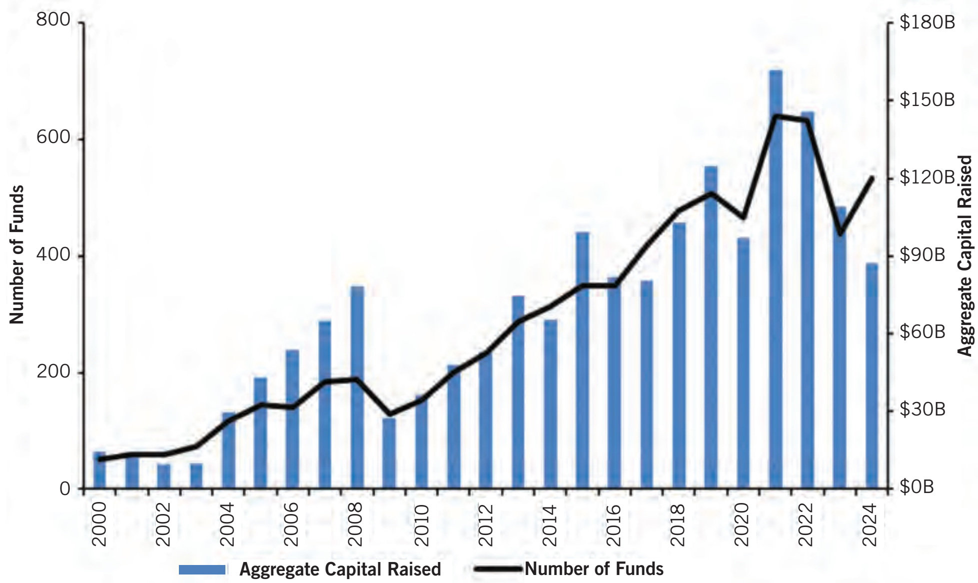
Closed-end private equity fundraising has experienced extraordinary growth since the early 2000s. North American fundraising volumes peaked at $161 billion across 638 funds in 2021, marking a significant expansion from the $78 billion raised across 189 funds prior to the global financial crisis (GFC) of 2007-2009.

This period of growth corresponded with gradually increasing target allocations to real estate among institutional investors. Prior to the GFC, U.S. institutional investors had an average target allocation to real estate of 7% to 8%; now the average allocation is 10% to 11%. This expanding pie accrued disproportionately to the industry's established incumbents but also fueled the emergence of new investment managers, particularly from 2010-2015, as institutional investors reshuffled their portfolios in the wake of the GFC. A select group of these then-emerging managers have since grown to become leading brands in the institutional real estate industry.

As the real estate private equity industry matures, however, aspiring fund sponsors face more barriers to entry. Institutional investors prefer to limit the number of fund sponsor relationships they maintain, and the bar for adding new sponsors is much higher. Larger, established sponsors are seen as proven stewards of institutional capital and therefore present less career risk to institutional portfolio managers. As one investor recently told Park Madison Partners, "My job is not to have the top-performing portfolio in the industry but simply to generate healthy returns and not make a mistake." Most investors have also "picked their horse" when it comes to major property types, geographies and strategies. Breaking in as an emerging manager requires offering investors something new or complementary to their existing exposure or perhaps dislodging an underperforming incumbent sponsor.

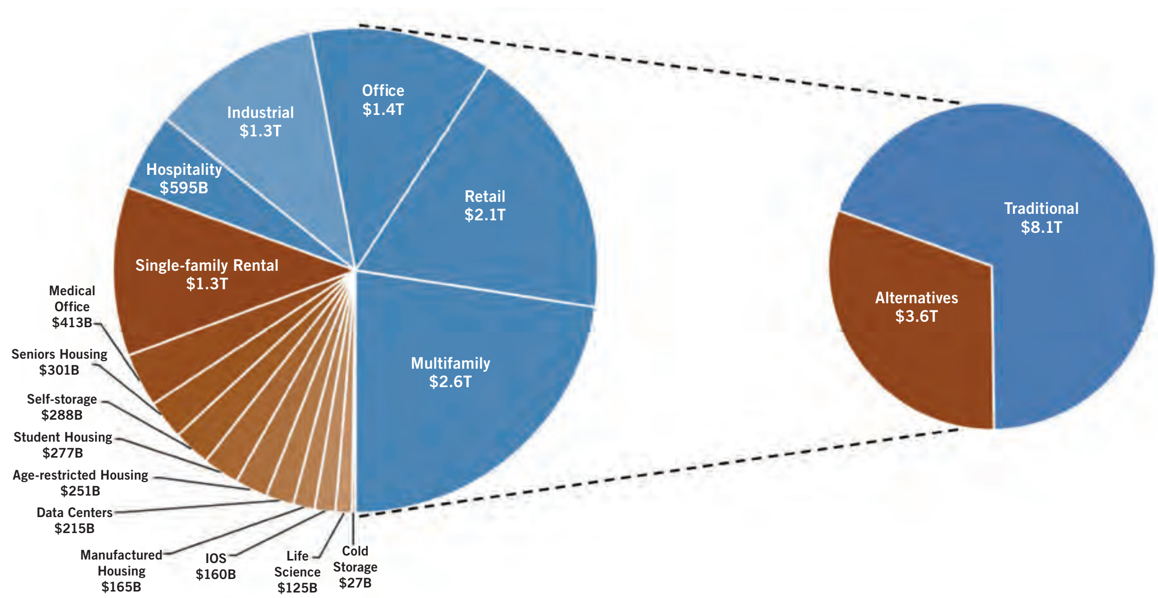
Closed-end fundraising in general has also become more difficult in recent years. Secular shifts catalyzed by the COVID-19 pandemic, the rapid rise in interest rates and declining valuations have thrown sand in the gears of real estate capital markets. As transaction volumes fell, institutional investors received fewer distributions from existing investments, caus-

North American Closed-End Real Estate Fundraising, 2000-2024



Source: Preqin

Share of the Institutional Investable Universe by Sector



Source: Clarion Partners Global Research, November 2024

ing them to face liquidity constraints. High levels of uncalled capital also meant investors were in no rush to make fresh commitments. Additionally, institutional target allocations to real estate have stopped expanding, with several large institutions even announcing cuts. As a result, North American closed-end fundraising volumes have fallen approximately 45% below the 2021 peak.

Finding Success Through Specialization

Despite a challenging fundraising environment, the growing popularity of alternative or niche property types offers a promising avenue for aspiring fund managers. Institutional investors increasingly recognize that building a diversified real estate portfolio requires expanding beyond office, multifamily, industrial and retail. Niche sectors include self-storage, student housing, senior housing, manufactured housing, data centers, cold storage, industrial outdoor storage (IOS), medical office, lab/life sciences, parking, single-family build-to-rent, media/studios and cell towers. These sectors tend to have specialized uses, idiosyncratic demand drivers and unique risk factors, thereby providing attractive diversification benefits.

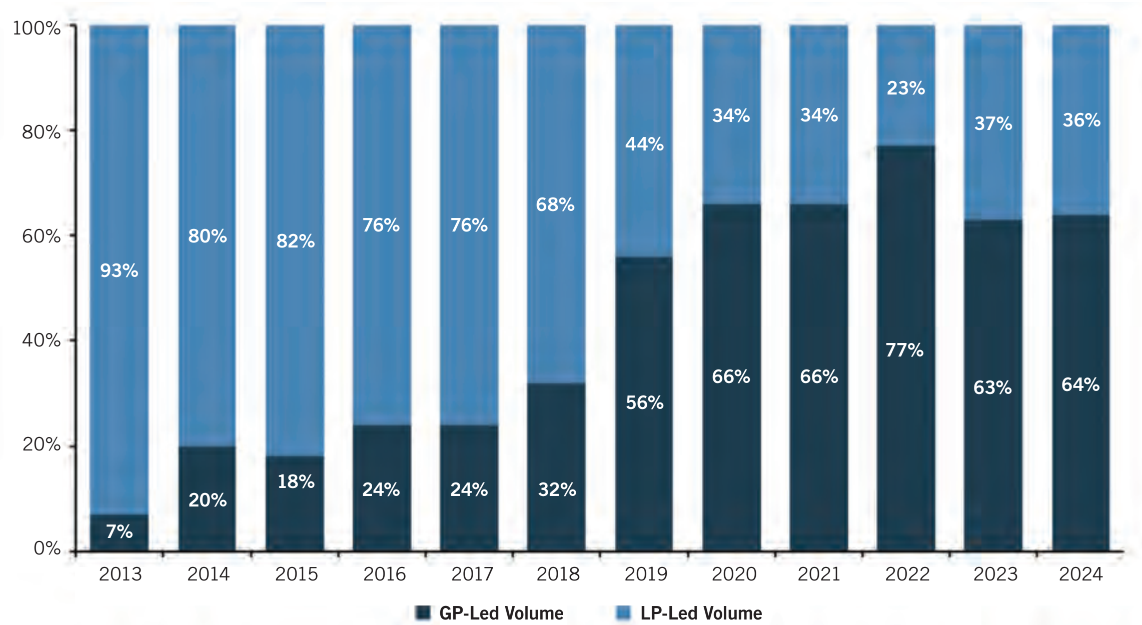
In addition, exposure to niche property types presents investors with the opportunity to generate outperformance relative to traditional property types. Many niche property sectors remain highly fragmented and are dominated by noninstitutional, mom and pop owners. The comparably small equity checks of $20 million or less have historically deterred institutional buyers. Aggregating smaller niche assets into larger, institutionally scaled portfolios can therefore be a lucrative strategy, with such "roll-up plays" often resulting in significant portfolio premiums upon exit versus individual asset sales. According to NCREIF data and Clarion Partners Global Research, from the first quarter of 2007 to the fourth quarter of 2024, niche property types returned a cumulative 324% versus 166% for traditional sectors. Niche sectors outperformed during the GFC and COVID-19 recession as well.

As more institutions seek to expand their holdings of niche property types, emerging managers have an opportunity to break in. Despite constituting an estimated 30% of the

> As one investor recently told Park Madison Partners, "My job is not to have the top-performing portfolio in the industry but simply to generate healthy returns and not make a mistake."

institutional investable universe, niche property types make up less than 10% of institutional portfolios. The complexities and nuances involved in managing niche property types suggest the need for specialized, vertically integrated platforms to build institutional quality portfolios. However, many of the more established fund managers either lack the specialized expertise to succeed in these sectors or have funds that are too large to make smaller transactions worth pursuing.

For institutional investors, this dynamic has created something of a "barbell" approach, Share of Real Estate Secondaries Volume, 2013-2024



Source: Park Madison Partners

Institutional investors increasingly recognize that building a diversified real estate portfolio requires expanding beyond office, multifamily, industrial and retail.

with allocations being directed toward a combination of mega-funds that provide diversified private real estate exposure and smaller "sharpshooter" sponsors specializing in specific geographies or property sectors. This puts the squeeze on diversified midsize sponsors, many of which are forced to extend their fundraising periods or close below target. However, for vertically integrated sector specialists, particularly in niche property types, this scenario potentially sets the stage for closed-end fundraising success.

Not an Easy Path

Given the challenges of starting a fund business in the current capital markets environment, real estate sponsors are advised to consider whether the trade-offs are worth it. The benefits of funds are certainly alluring, including discretionary capital, a steady stream of management-fee income, stronger investor relationships and better ability to scale. But the general partner (GP) economics can be quite challenging for the first several years. Fund businesses typically do not turn an operating profit until Fund II. Additionally, each fund typically requires a GP co-investment of at least 1% to 2%. Since promotes are fully pooled — meaning calculated based on the performance of an entire fund rather than on an individual deal — and the funds themselves typically have an eight- to 10-year life, the GP may not experience a positive overall return on investment until Funds III or IV.

Emerging managers are also under intense pressure to perform well. Institutional investors expect smaller, emerging managers to outperform relative to their larger, more-established peers. Early stage fund managers must therefore consider every investment's potential to earn outsized returns while also controlling downside risks. Too many bad deals in a fund could not only dampen the prospects of earning carried interest but also handicap a sponsor's ability to raise subsequent funds.

Finally, fund managers are almost always fundraising. Fundless sponsors commonly complain about the time required to raise money deal by deal, but raising a fund also involves a major time commitment. According to investment data company Preqin, the average time from first to final close on a closed-end fund now exceeds 24 months. During this time, fund managers will likely have hundreds of investor meetings, engage in dozens of due diligence processes and close a handful of investors — all while continuing their daily responsibilities of running a real estate investment management business. Even between funding rounds, a fund manager must actively engage with investors to ensure strong relationships and trust for the next fund series.

Alternative Private Capital Solutions

As the institutional closed-end fundraising route becomes more difficult, real estate sponsors are increasingly pursuing alternative private capital solutions. For example, programmatic joint ventures and separate accounts can be effective methods for sourcing long-term strategic capital partners. While

> Institutional investors expect smaller, emerging managers to outperform relative to their larger, more-established peers. Early stage fund managers must therefore consider every investment's potential to earn outsized returns while also controlling downside risks.

these arrangements typically offer less discretion than traditional funds, real estate sponsors benefit from having a reliable, aligned capital source that supports their investment strategy and long-term growth objectives. Allocations from high-net-worth investors and other retail channels have also increased, allowing several fund managers to build institutionally scaled platforms with less reliance on institutional capital sources.

For sponsors with existing portfolios, GP-led secondaries and continuation vehicles have emerged as effective tools for unlocking liquidity and securing new institutional capital partners. As of 2024, these recapitalizations accounted for an estimated 65% to 75% of all real estate secondaries transactions. Capital commitments to secondaries-focused funds have surged, driven by institutional appetite for attractive entry points and exposure to preidentified assets.

Importantly, GP-led recapitalizations offer meaningful benefits not only to sponsors but also to existing limited partners (LPs). In the current environment — where exits and distributions have been scarce — recaps provide a unique opportunity to deliver liquidity at scale. Selling investors often receive proceeds that approximate or even exceed fair market value, particularly when the recapitalized business plan relies on a capable sponsor to execute a more complex value-add strategy. These transactions allow LPs to exit on favorable terms while enabling sponsors to retain control of the assets and continue driving performance alongside new capital partners.

GP-led recapitalizations can be valuable for real estate sponsors at all stages of their evolution, from emerging managers to fundless sponsors to established managers. Beyond facilitating liquidity, such recapitalizations allow sponsors to crystallize gains for existing limited partners, reset GP economics, extend hold periods and build new investor relationships. That said, it is critical for sponsors to maintain alignment of interest and uphold their fiduciary duty to existing investors, ensuring that recapitalizations are structured with transparent governance and meet the objectives of all parties involved. When executed thoughtfully, recapitalizations offer a powerful alternative to traditional fundraising and asset sales.

Multiple Paths to Success

For sponsors willing to invest the time and capital, a fund management business provides a host of benefits and represents a well-worn path to accessing institutional capital. Despite higher barriers to entry and a more mature industry, raising a closed-end fund remains viable for best-in-class real estate sponsors with the right team, track record, strategy and focus. Alternatively, if a fund is not practical or preferred, many other private capital solutions allow sponsors to secure institutional investor relationships, achieve scale and position their platforms for long-term success. ■

John Sweeney is a partner and chief operating officer at Park Madison Partners.

Market Forces Open Opportunities in Multifamily

The asset class offers upside potential and downside protection in an uncertain economic climate.

By Damian Gancman and Ryan Graf, Cityview

Cityview's Portico community comprises 378 units, with a mix of one-, two- and three-bedroom apartments, as well as townhomes, within the master-planned community of Brooklyn Basin, California.

Courtesy of Cityview

In an era of economic uncertainty, multifamily real estate stands out as a resilient and adaptable asset class. A landscape of market volatility, housing shortages and high mortgage rates creates a unique opportunity for investors to capitalize on long-term growth and potentially generate strong risk-adjusted returns.

Opportunities in Distress

The potential consequences of the 2021-2022 market mania have become clearer in 2025. Buyers priced their deals to perfection as cap rates bottomed out below 4%. It was common to see annual rent growth assumptions in the mid to high single digits, paired with generationally low borrowing rates. Deals were operating under razor-thin margins of error, with no cushion to absorb increases in cap rates, higher borrowing rates or lower rent growth — let alone all three.

The secured overnight financing rate (SOFR) increased 530 basis points from 0.05% to 5.35% between January 2022 and January 2024, and rent growth slowed considerably in 2023 and 2024, even going negative in some markets. Many floating rate borrowers hedged their interest rate risk via rate caps in 2021 and 2022, but most caps expired after two or three years.

Immediately following rate increases in 2022 and throughout 2023 and 2024, numerous lenders showed a willingness to modify loans to avoid widespread distress in their books. This "extend and pretend" attitude was exercised under the assumption that SOFR would come back down by the start of 2025 as inflation was tamed. However, the likelihood of meaningful near-term interest rate reductions has decreased. With more time to build up loss reserves, lenders are now better positioned to absorb losses, and many are signaling a growing unwillingness to keep extending indefinitely.

This combination of factors points to a likely increase in forced sales as lenders begin to honor loan maturities. In partnership with experienced operators, investors can leverage these market forces to secure high-quality assets at significant discounts. By implementing value-add improvements to these properties, such as enhancing amenities or operations, investors can generate alpha and potentially achieve outsized returns.

Drivers of Multifamily Demand

High mortgage rates over the past two-plus years have made homeownership unaffordable for many people. According to the National Association of Realtors' 2024 Profile of Home Buyers and Sellers report, the median age of a first-time homebuyer reached an all-time high of 38, three years older than in 2023 and 10 years older than in the 1980s. The average 30-year fixed mortgage rate as of Aug. 7 was 6.92% versus 4% in 2019, and insurance and maintenance costs have increased significantly over the past five years.

According to a November 2024 report from Oxford Economics, the annual household income needed to afford a new single-family home nearly doubled between 2019 and 2024, while incomes rose just 29% over the same span. Only one-third of U.S. households earned enough to afford a home in the third quarter of 2024 compared with nearly two-thirds of households five years prior.

In addition, the nationwide housing shortage remains a persistent issue, with the National Multifamily Housing Council reporting that the U.S. needs an additional 4.3 million housing units by 2035 to meet current demand for rental housing.

Given the high barriers to homeownership in the United States, it appears likely that more

Among Portico's amenities are a parklike outdoor courtyard featuring fireplaces, outdoor games and a community garden.

Courtesy of Cityview

Searching for Trends

When identifying demographic trends, it is essential to target markets with both current and future demand for multifamily housing through a combination of quantitative and qualitative analysis.

On the quantitative side, historical and projected job growth, the composition of employment by sector, household formation, and median income trends are all critical variables.

Qualitatively, secular forces driving economic expansion — such as industry migration, lifestyle shifts and infrastructure investment — often determine whether these dynamics are likely to accelerate or taper off over time.

households will turn to rental housing, further driving multifamily demand. Although markets such as Austin and Nashville have seen apartment construction booms in recent years, the flow of new supply is expected to slow considerably. According to data from CoStar, new multifamily construction starts decreased nationally by 25.2% in 2023 and were down 52.1% in 2024 versus their peak in 2022. As multifamily demand remains strong, declining supply growth in the coming years is likely to act as a tailwind for many owners and investors.

Multifamily as a Natural Inflation Hedge

Given the inflation runup in recent years, investors are much more focused on the risks that inflation presents to their portfolios. Following a year of larger than typical fluctuations, inflation expectations have jumped in 2025 due to the Trump administration's volatile trade policy shifts. As a result, the 10-year U.S. Treasury yield has also seen significant volatility, starting the year at around 4.6%, then falling as low as 4.05% before returning to the 4.4% to 4.5% range in June. As of Aug. 7, it stood at 4.2%. Tariff fears place continued downward pressure on new supply, as capital takes a more cautious stance when evaluating new investment opportunities. This limits the likelihood of new supply, which should enhance the competitive position of both existing multifamily properties and new developments in strong locations.

In addition, multifamily offers a natural hedge against inflation. Unlike fixed-income securities and other real estate types, multifamily leases generally reset annually, allowing for rent increases that at least keep pace with inflation. This dynamic allows multifamily investments to maintain and grow their income streams in inflationary environments and makes multifamily assets an attractive option for preserving purchasing power while generating real returns.

Over the past five years, multifamily rents in high-demand markets such as Austin and Miami increased by double digits, highlighting the sector's ability to adapt and provide stability for investors in changing economic conditions. It's important to note, however, that not all markets follow this trend. Local market and submarket forces play a major role in properties' performance. In San Francisco, for example, rents didn't reach their pre-COVID high-water mark again until 2024, but green shoots in renter demand and rent growth are now evident.

Finding the Right Partner

Investors must be cautious to avoid the mistakes of the previous cycle. Given the uncertain economic climate, it is critical that investors partner with experienced operators that utilize prudent leverage, focus on generating alpha through operational excellence, and appropriately stress test investments during underwriting to avoid becoming forced sellers themselves.

Regardless, the combination of market distress, high mortgage rates, housing shortages and inflation protection creates a compelling case to explore investment in today's multifamily market. By leveraging distressed opportunities and focusing on markets with strong demographic trends, investors can secure assets at a discount with significant upside potential and a degree of downside protection. ■

Damian Gancman is chief investment officer and **Ryan Graf** is director of capital raising and investor relations at Cityview, a vertically integrated real estate investment manager specializing in multifamily projects.

What Developers Need to Know About Mass Timber

A new tool helps to improve the accuracy of carbon emissions assessments.

By Varun Kohli and Mahdi Afkhami, Ph.D., Corgan

Indications are that the use of mass timber will continue to grow, especially for low- to mid-rise buildings. According to Business Research Insights, the global mass timber construction market generated $3.2 billion in 2024, a number projected to nearly triple by 2033. As the construction industry's emissions came under more scrutiny, mass timber's lower embodied carbon became an attractive alternative to concrete and steel construction.

However, a 2023 report from the World Resources Institute suggested that mass timber is not inherently carbon neutral, largely due to emissions from the harvesting process that aren't accounted for in standard life cycle assessments (LCAs). Echo and Hugo, the sustainability and research teams at architecture and design firm Corgan, undertook a joint research initiative to gain a more comprehensive understanding of the carbon emissions associated with mass timber production.

The Bigger Picture

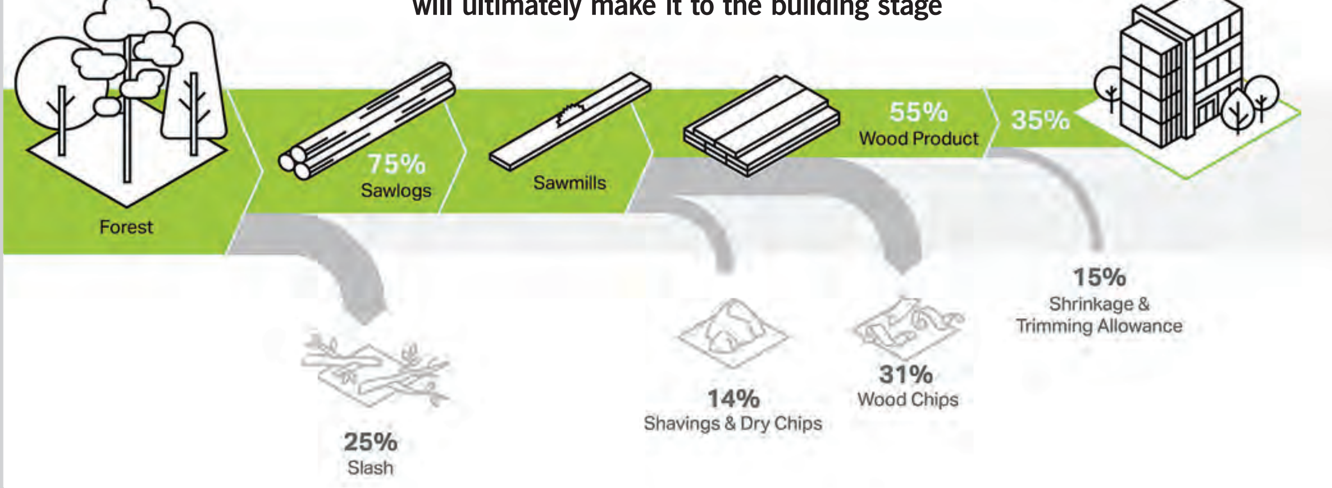
Mass timber is viewed as carbon neutral because trees naturally sequester carbon over their lifetimes. However, when that carbon is re-released — via decay or burning — instead of making it to the building stage, it increases the emissions associated with the material. To obtain the most accurate emissions calculations for a building, it is important to include biogenic carbon that is inherent in the harvesting, processing and transportation of the materials used.

These emissions, which can be significant for mass timber because of the logging process, have not previously been included in LCAs. When trees are harvested for lumber, around 25% of the tree's biomass is left in the forest as slash — twigs, bark and other unusable fragments of wood. Next, the trees are processed, sawed, dried and trimmed. Ultimately, only 35% of what is cut down in the forest makes it to the building stage.

To improve the accuracy of emissions calculations for mass timber, Corgan has developed

Mass timber is viewed as carbon neutral because trees naturally sequester carbon over their lifetimes. However, when that carbon is re-released — via decay or burning — instead of making it to the building stage, it increases the emissions associated with the material.

Only 35% of a tree cut down in the forest will ultimately make it to the building stage



Courtesy of Corgan

GREEN GLOBES®

BUILDING CERTIFICATION

The Clear Choice for **Data Center Certification**

ADAPTABILITY
Certify through flexible pathways and project-specific strategies.

TRUST
Demonstrate your sustainability commitment with trusted third-party assessment.

SPEED TO MARKET
Certify at your pace and see results within weeks of assessment.

COMPLIANCE
Meet state and local requirements. Qualify for tax incentives and abatements.

Who We Work With

POWERHOUSE DATA CENTERS · PointOne DataCenters · VALOR · AVAIO DIGITAL · EdgeCore · EQUINIX · VANTAGE DATA CENTERS · Capital One · neustar · Aligned Adaptive Data Centers · DIGITAL REALTY · COMPASS datacenters · CyrusOne · INAP · entergy

Aligned Data Centers ORD-02
Northlake, IL

GBI GREEN BUILDING INITIATIVE®

Get Started
thegbi.org

a tool that accounts for three common slash management methods for seven of the most commonly used species of trees. Designers, specifiers and other architecture, engineering and construction professionals can use this calculator (available at corgan.com/MTcarboncalculator) to refine their carbon emissions estimates for mass timber buildings.

What's Left Behind?

When considering mass timber construction as a sustainable alternative building material, it is important to assess the slash management practices, wood species selection and transportation impact.

The most common slash management practices are pile burning, mastication and site composting. While each has pros and cons from a forestry perspective, they also have very different impacts on carbon emissions from the designer's and builder's perspective:

- Pile burning releases carbon very quickly, resulting in a 50% to 80% increase in carbon dioxide equivalent (CO_2e) release compared with current industry estimates.
- Mastication was the clear winner overall, with emissions increasing only 3% to 5% from baselines.
- Site composting sits in the middle, with emission increases ranging from approximately 25% to 45% for most species, the exception being western red cedar, which saw an increase of just over 1%.

Material transportation also has a large impact on the emissions associated with mass timber, so it is important for builders and designers to consider which wood is being used in the project and, when possible, to choose alternative local options that are closer to the project site. While locally sourced timber is often preferable from a carbon standpoint, it may be more expensive or less available, or a client may have a specific wood in mind. Corgan's carbon calculator offers a simple way to illustrate the environmental impact of that choice and help evaluate alternative options.

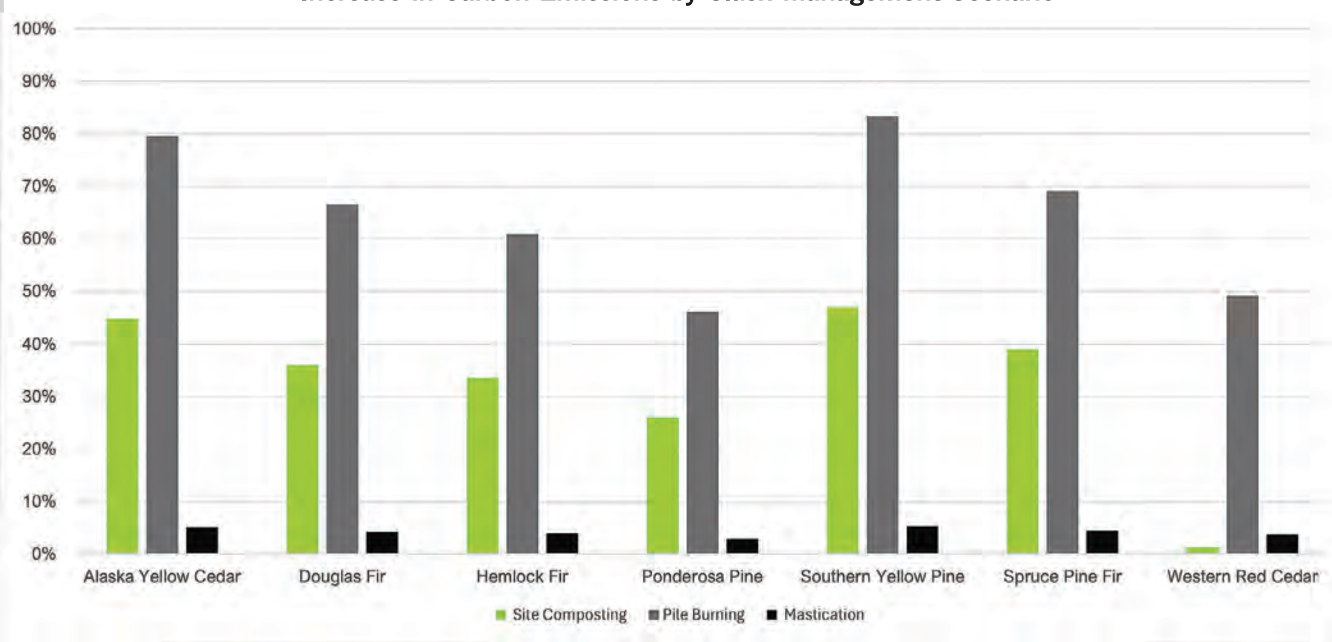
How Mass Timber Stacks Up

When considering embodied carbon, mass timber still comes out on top compared with traditional steel and concrete buildings. The mass timber calculator shows that even in the worst-case scenario — pile burning — it remains a carbon-sequestering material. Depending on the slash management approach, mass timber offers embodied carbon emission savings ranging from 100% to 340% compared with reinforced concrete.

Beyond sustainability, the use of mass timber can benefit project timelines, with a 10% to 20% savings in scheduling, because the panels can be prefabricated. The cost of mass timber currently ranges 6% to 26% higher than typical concrete and steel construction methods, although costs are projected to decrease as use increases.

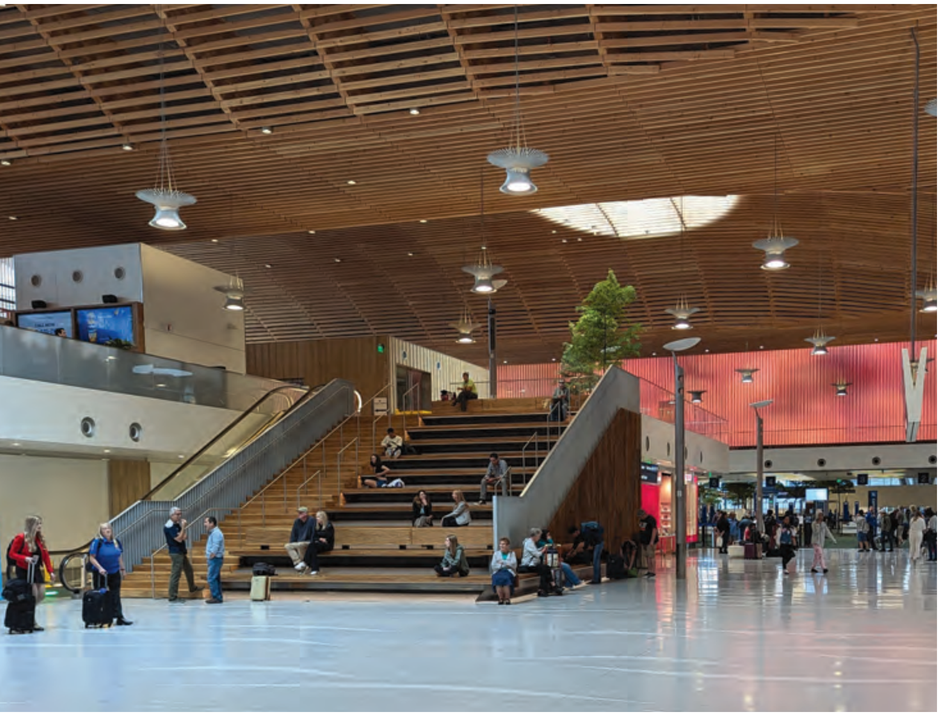
With these factors in play, mass timber construction is a worthwhile consideration for new low- to mid-rise buildings, especially for clients who want to focus on reducing embodied carbon and increasing the sustainability of new construction. In addition to offering embodied carbon benefits, timber and wood are generally accepted as an aesthetically desirable material for end users.

Increase in Carbon Emissions by Slash Management Scenario



Courtesy of Corgan


30



Portland International Airport has received accolades for its use of mass timber.

When considering mass timber construction as a sustainable alternative building material, it is important to assess the slash management practices, wood species selection and transportation impact.

This is directly associated with biophilic design principles and the positive impact of tactile natural materials in the built environment on mental and physical well-being.

The industry is still in the early stages of what may become a mass timber boom, but the promise of this construction modality is already evident in large projects such as the 400,000-square-foot timber roof at Portland International Airport in Oregon and in multifamily and commercial developments such as Ascent MKE, a 25-story apartment building in Milwaukee.

Accurate Carbon Assessments

As mass timber use grows, having a big picture understanding of its true emissions will be integral to making informed, cost-effective and environmentally responsible decisions. Corgan's calculator enables designers to:

- Quantify hidden CO2e emissions more accurately
- Evaluate trade-offs between species, location and carbon impact
- Support material choices that balance sustainability and cost
- Improve transparency and collaboration with suppliers and contractors

Ultimately, this research empowers developers to make smarter decisions in the early design phase that reduce embodied carbon later on. As sustainability continues to be a vital factor in new construction projects, accurate carbon assessments are paramount. ■

Varun Kohli is the director of sustainability at Corgan. **Mahdi Afkhami**, Ph.D., is an environmental designer researcher at Corgan.

Terms to Know

Mass timber: A construction modality that uses a wood product, usually made from multiple wood panels nailed or glued together for extra strength, instead of steel or concrete. It is growing in popularity due to its lower carbon footprint.

Embodied carbon: The greenhouse gases released during the extraction, production and transportation of materials used in construction.

Biological carbon sequestration: The ability of natural ecosystems to store atmospheric carbon. Carbon can be stored in plants, soil, wetlands and the ocean. For the purpose of this research, Corgan focused on carbon sequestration of trees.

Biogenic carbon: The result of sequestration, it is the carbon stored in biological materials. Biogenic carbon is stored during the life of the tree and released when it is destroyed.

CO2e: Carbon dioxide equivalent; a measurement used to compare the emissions of any greenhouse gas based on its global warming potential.

Cradle-to-site: Stages A1 through A4 in a life cycle assessment, starting where the raw material is harvested, transported, manufactured into a usable product, and transported again to the construction site.

Slash: The material (branches, twigs, bark) left behind during mass timber harvesting — approximately 25% of the mass of the timber.

AntaresNS via iStock Editorial/Getty Images Plus

1960 Burlington-Mount Holly Road
Westampton, NJ | 250,000 Square Feet

Eliminating Parking Mandates to Tackle the Housing Crisis

Parking reforms can ease some of the cost burdens that currently discourage wider scale development of multifamily projects.

By Matthew Scott, Esq. and Jared Weingard

Across the United States, a growing number of cities are reconsidering an outdated element of their zoning codes: mandatory parking requirements. These provisions, which include requirements for off-street parking and rigid parking ratios regardless of local demand, are a major constraint on multifamily housing production.

For cities struggling with housing affordability, broad-based parking mandates are increasingly at odds with modern land use goals. A growing body of legal scholarship, case studies and municipal legislation points to the reduction or elimination of parking requirements as an effective tool to facilitate multifamily development and alleviate housing shortages, particularly in high-demand urban markets.

A Legal and Policy Shift Rooted in Zoning Reform

Most parking requirements, typically articulated as on-site minimum amounts associated with new developments, are embedded in local zoning codes and considered foundational components of orderly land development regulations. Cities originally introduced these requirements to manage traffic and land use during the mid-20th century automobile boom. Critics increasingly argue they lack a rational basis in modern urban environments where walkability and transit access are prioritized.

Although courts continue to uphold broad municipal discretion in zoning, scholars and housing advocates question whether rigid parking requirements impose disproportionate burdens on the right to build housing, especially as exclusionary zoning and housing underproduction face growing scrutiny.

As of August, more than 3,700 cities in 22 countries had enacted reforms to eliminate or reduce parking requirements, with over 100 cities removing all parking minimums, according to the Parking Reform Network. The organization's Mandates Map (parkingreform.org/resources/mandates-map) shows the breadth of this trend, including reforms supporting multifamily housing.

Nationally, structured parking costs approximately $30,000 to $40,000 per space. This figure includes the concrete and construction expenses associated with building garages or decks. Developers typically recoup these costs not through separate parking fees but by incor-

Scholars and housing advocates question whether rigid parking requirements impose disproportionate burdens on the right to build housing, especially as exclusionary zoning and housing underproduction face growing scrutiny.

Minneapolis eliminated parking minimums in 2019 as part of a land use and zoning modernization strategy.

Artaxerxes Longhand via iStock Editorial/Getty Images Plus

Developers building near transit corridors or pursuing small infill projects in Miami can apply for waivers from parking requirements.

ampueroleonardo via iStock/Getty Images Plus

porating them into the rents charged to tenants. As a result, mandatory parking minimums often translate into higher monthly rents. In many cases, this can push projected rents above what the local market can support, causing developers to abandon otherwise viable multifamily proposals due to economic infeasibility, especially in transit-available areas where developers seek to maximize unit count and land efficiency.

Regulatory Reform in Action

The national movement to reduce or eliminate parking requirements has taken shape in a variety of cities, each implementing reforms that reflect local contexts.

Minneapolis eliminated minimum parking requirements in 2019 as part of the city's Minneapolis 2040 plan, a broad land use and zoning modernization strategy aimed at addressing housing inequity and enabling diverse housing types. The plan has offered evidence that comprehensive zoning reforms, including the elimination of parking minimums, can produce significant affordability outcomes. While national rents increased by 22% from 2019 to 2024, rents in Minneapolis declined by 4% during the same period, according to NBC News.

Although lower rents are not necessarily viewed as beneficial from a developer's perspective, the elimination of costly parking mandates reduces development expenses and makes more projects financially viable. This encourages development that might not otherwise occur, particularly in urban areas with high land and construction costs. By easing the cost of development and expanding the supply of affordable housing, these reforms create a clear societal benefit, aiding cities and developers alike. Minneapolis was among the first major cities to identify the legal and economic barriers posed by parking mandates, respond with a comprehensive plan to eliminate them, and implement those changes at scale.

Austin adopted Ordinance C20-2023-010 in 2023, repealing parking minimums for all land uses citywide. Austin's leaders cited the city's affordability crisis and their hope to expand public transit as justification for reform. According to The Texas Tribune, the city emphasized that eliminating parking mandates would encourage more compact, transit-friendly development and more efficient land use. Early signs point to real momentum in the form of increased interest in multifamily development and shifting rental dynamics. According to Redfin, Austin's median asking rent has decreased 9.6% year over year, the steepest drop of any major U.S. metro area among the 44 core-based statistical areas analyzed.

Austin's experience reinforces the idea that eliminating costly parking mandates can reduce development expenses enough to make multifamily projects possible, even in the face of moderating rents. The link between parking reform and falling rental rates lies in the reduced cost of construction. When cities remove expensive parking requirements, development becomes more financially feasible, which increases housing supply and helps ease upward pressure on rents. This trade-off reflects a broader benefit: greater access to attainable housing without sacrificing development momentum.

Other notable cities that have eliminated, reduced or otherwise modified parking minimums include Gainesville, Florida; downtown Fort Lauderdale, Florida; Raleigh, North Carolina; Portland, Oregon; and San Jose, California.

The Trade-off Between Parking Access and Housing Necessity

From a national housing policy perspective, parking reform is necessary to meet the massive demand for affordable places to live.

In Hollywood, Florida, for example, a recent affordable housing development conducted a leasing lottery for its 113 units and received nearly 20,000 applications. That level of demand highlights the vast disconnect between existing supply and actual housing need — a disconnect that becomes harder to justify when zoning codes continue to mandate valuable land for underutilized parking.

> Although lower rents are not necessarily viewed as beneficial from a developer's perspective, the elimination of costly parking mandates reduces development expenses and makes more projects financially viable.

This tension between regulatory tradition and contemporary need is driving the current trend of parking reform. Critics often raise concerns that the elimination or reduction of parking minimums will result in parking spillover, reduced access for customers and increased street congestion. These concerns are valid but solvable. Cities are complementing parking reforms with strategies such as dynamic pricing, residential permit programs, and investments in transit and micromobility infrastructure, such as bike lanes, scooter networks, and bike-share and e-scooter networks, to mitigate impacts without restricting development capacity.

It is important to understand that parking reform does not equate to a parking ban. Developers, particularly those building in markets where car ownership remains high, often include parking voluntarily. The distinction is that the legal obligation of parking minimums has been lifted, allowing market signals (rather than blanket zoning formulas) to drive project design. Under this scenario, developers, who are well positioned to assess site-specific parking needs, can pursue more context-sensitive strategies to meet demand without incurring the potentially exorbitant capital costs of new construction.

Through its form-based Miami 21 Zoning Code, Miami has adopted this tailored approach to parking reform. Developers building near transit corridors or pursuing small infill projects may obtain waivers from parking requirements, offering greater flexibility without necessitating full repeal of the city's parking regulations.

When required to build parking for tenants who are less likely to own cars, developers may abandon multifamily or affordable housing proposals altogether, resulting in wasted capital and lost housing opportunity. For a multifamily project with minimal land, structured parking costs can easily add millions of dollars to the construction budget. In capital-constrained deals, especially affordable housing financed with public subsidies, these extra parking costs can tip the scales and bring projects to a halt.

For Lease

2 Office Buildings with 228,167± Total SF

14000 Citicards Way | Jacksonville, FL 32259

Available 2026

Class A fully furnished property with excellent opportunity for corporate or regional headquarters with its well-maintained seven-building campus, in rebranding to multi-tenant use.

Top-Tier Amenities include:

- Cafe & dining
- Fitness center
- Conference rooms with various sized meeting rooms
- Environmental walking trails
- N+2 infrastructure

Premier Childcare Opportunity Available for Sale or Lease on Citicard Campus

- 44,736± SF in 3 connected buildings
- Fully furnished
- 600 child capacity

Colliers

Chuck Diebel
+1 904 861 1112
chuck.diebel@colliers.com

As cities look to solve their housing shortfalls, it is becoming clearer that parking mandates are not benign. They are land use decisions with measurable impacts on housing supply, construction cost, density and urban equity.

Understanding the Legal Momentum Behind the Trend

Zoning codes are evolving in recognition that rigid parking minimums have outlived their original planning justifications. In practice, they act as exclusionary tools that limit density, constrain infill and inflate construction costs, often scrapping important projects. Legal reforms around the country demonstrate that parking reform is being adopted as a tool to modernize land use and zoning regulation.

This legal recalibration is often integrated into larger efforts to update comprehensive plans, satisfy state housing requirements, or address constitutional and statutory challenges to exclusionary zoning practices. Attorneys advising municipalities and private clients alike should be aware that parking reform is becoming a key element of zoning modernization, not an outlier.

What the Trend Means for the Future of Development

Parking reform is reshaping the development landscape in real time. These policy shifts are not simply about eliminating

> It is important to understand that parking reform does not equate to a parking ban. … The distinction is that the legal obligation of parking minimums has been lifted, allowing market signals (rather than blanket zoning formulas) to drive project design.

cost burdens; they are about unlocking new sites, restructuring deal viability and enabling housing at a scale that was previously out of reach.

Cities undertaking parking reforms can expect increasing interest from developers who were previously deterred by structural and legal barriers. Removing parking mandates opens up small, irregular or transit-adjacent parcels for viable multifamily use, as developers are freed from costly and spatially burdensome parking mandates. For example, according to a 2025 report by the U.S. Department of Transportation that draws on research from the Sightline Institute, removing parking minimums in Colorado would lead to 71% more homes in transit-oriented areas and 41% more homes overall in the urban areas studied. That kind of increase clearly reflects how reducing parking mandates can unlock new development opportunities and spur meaningful engagement from the development community. This shift signals a growing alignment between local policy reform and private sector willingness to build when costly regulatory barriers are removed.

Looking Ahead

The elimination of mandatory parking requirements represents an actionable reform targeting one of the most persistent and underappreciated constraints in urban land use policy.

Such reforms are intended to recalibrate outdated regulations that often stand in the way of new housing. Reducing these requirements lets cities enable more housing, more efficiently, in more places.

For municipalities and developers looking to make progress on housing goals without overhauling entire zoning regimes, parking reform offers a legally grounded, public-facing step forward. And for the legal and development professionals advising them, understanding this trend is essential, not optional. ■

Matthew Scott is a partner at Greenspoon Marder LLP who focuses his practice on land use and zoning matters in Broward and Palm Beach counties, Florida. **Jared Weingard** is a third-year student at the University of Florida Levin College of Law and worked as a 2025 summer associate at Greenspoon Marder LLP.

Vulcan Real Estate: **Bold Vision, Lasting Impact**

Vulcan's mixed-use Lakefront Blocks development includes 600,000 square feet of office space built for Google, along with luxury rental units, ground-floor retail and public areas.

Benjamin Benschneider

NAIOP's 2025 Developer of the Year is committed to delivering projects that shape a more sustainable, equitable and hopeful future.

By Ron Derven

AT A GLANCE

Vulcan Real Estate is one **of only two** companies to be **named NAI**OP's Developer **of the Year** multiple times.

The company is known **for its tra**nsformative **developm**ents of entire **neighbor**hoods in and **aroun**d Seattle.

Both Amazon and Google **chose Vulca**n sites in South **Lake Union** for their urban **campuse**s in Seattle.

Combining a legacy of building world-class structures with a long-term commitment to the communities it serves, Seattle-based Vulcan Real Estate is helping to redefine urban development in the Pacific Northwest. The company's transformational projects strive to improve the environment, strengthen the economy and enhance quality of life — all while delivering a strong bottom line.

NAIOP recently recognized Vulcan Real Estate for its decades-long focus on excellence in every area of commercial real estate development.

"We are proud to honor Vulcan Real Estate as our 2025 Developer of the Year," said **Marc Selvitelli**, CAE, president and CEO of NAIOP. "Its remarkable success in shaping Seattle and the surrounding region through forward-thinking, sustainable design has fostered vibrant communities and exemplified true innovation."

Vulcan was selected for the honor among an outstanding field of developers because of its resilient performance during recent economic cycles, its track record of sustainable design and community partnerships, and its impact on transforming underutilized areas into vibrant, connected neighborhoods. Vulcan is one of only two companies to have been honored as NAIOP's Developer of the Year multiple times, previously winning the award in 2013.

"We don't do what we do for awards," said **Ada Healey**, chief real estate officer at Vulcan, "but it is incredibly humbling to be recognized for the work our team has done to shape places that matter. Having our work recognized by NAIOP is indeed gratifying."

Satisfying the 'Real Estate Bug'

Healey's fascination with real estate has deep family roots. "It started with my grandmother, **Ada Moore Healey**, whom I was named after. She took over the family real estate business in Atlanta after her husband died and built two commercial buildings that are still standing today. My father was in the real estate business as well, so real estate was always in the background as I grew up."

Despite those family ties, Healey started out in the insurance industry. It wasn't long before what she termed the "real estate bug" bit her and she switched careers. She first worked for what is now Verizon Communications and then for Clarion Partners, managing real estate portfolios for major pension funds.

In 1999, while still working for Clarion Partners, Healey secured a transfer and moved from New York City to Seattle, drawn by the area's rich cultural offerings, beautiful landscapes and abundant outdoor recreation.

West Main's expansive plaza features "Groves and Stones," public art commissioned by Vulcan.

"We don't do what we do for awards, but **it is incredibly humbling to be recognized for the work our team has done** to shape places that matter."

Ada Healey,
chief real estate officer,
Vulcan Real Estate

"After moving, Vulcan recruited me to run its real estate investment/development business, and I started working for **Paul Allen**, co-founder of Microsoft, in late 2001," Healey recalled.

Allen had amassed 40 acres of land in a run-down industrial section of the city but hadn't yet decided what to do with the properties. He hired Healey to develop a plan for the land and to build a team for his fledgling real estate operation.

Starting with a blank canvas, Healey created a masterpiece. Since Vulcan Real Estate's founding by Allen, the company has built more than $6.7 billion in projects encompassing 10.3 million square feet of commercial space and 4,245 residential units. Its holdings include residential, office, life sciences and retail assets, with signature developments in Seattle, Bellevue and throughout Washington's Puget Sound region.

Transforming the Pacific Northwest

Vulcan Real Estate is a prolific commercial and multifamily developer that has reshaped entire neighborhoods. Its crown jewel remains the South Lake Union district in Seattle, where it redeveloped old warehouses and parking lots into a global hub for life sciences, technology and urban living.

Vulcan began development in South Lake Union in the late 1990s, delivering its first project, the renovation of a warehouse building into lab space for the University of Washington School of Medicine, in 2000. "We followed with four projects in 2004: two life sciences research facilities, an office building and market-rate apartments," Healey elaborated. "Our most recent project, a complete renovation of a waterfront marina and retail complex, was completed in 2024. We still own multiple development sites in South Lake Union, with capacity for another 2 million square feet."

Healey termed South Lake Union "a once-in-a-generation opportunity. We were able to partner with the city, local stakeholders and forward-thinking tenants to transform an industrial landscape into a thriving mixed-use neighborhood."

South Lake Union is home to the Seattle campuses of Google and Amazon. Both companies turned to Vulcan to deliver millions of square feet of build-to-suit space.

Vulcan's relationship with Amazon started in 2006. "Initially," Healey recalled, "we responded to a request for proposal in which they were looking for a new location to consolidate and ultimately expand. South Lake Union was not their first choice, but **Jeff Bezos** [then CEO of Amazon] toured the area and was intrigued. He said, 'It's got soul.' Once we piqued Amazon's interest in our sites for their urban campus, we were able to demonstrate the value we could add. We worked with the city to obtain several zoning

Ulysses Curry

code amendments that added capacity on several blocks, allowing us to meet their space requirement. We were also working on supporting a new substation and underground network that would be critical for tech users. It was clear we were heavily invested in the neighborhood and that a partnership would be beneficial to both of us.

"Once Amazon established a major presence in South Lake Union, other tech tenants, including Google, became interested in the district, seeking opportunities to cluster near each other to boost recruitment and innovation. After completing four office buildings for Google in 2019 on time and on budget, they selected another one of our sites for their next expansion, which we completed in 2022."

Vulcan prioritized walkability, open spaces and public art in South Lake Union, creating places to enjoy and linger. That model of integrated, intentional development has since spread across Lake Washington to Bellevue. "We don't see ourselves as just delivering buildings," Healey said. "We are creating neighborhoods. We are thinking about transit access, environmental remediation, public space and how people experience an area 24/7."

The company's projects are notable for their scale and their complexity. Many required brownfield remediation, with Vulcan spending over $55 million to clean up contaminated sites in both Seattle and Bellevue. "Urban development means wrestling with what's under the surface — literally and figuratively," Healey said. "We build with contingencies, and we build with care."

Vulcan's developments are also major economic engines for the areas where it builds. While the company's work draws top-tier life sciences and tech tenants, it has also helped launch hundreds of retail businesses and contributed nearly $1 billion in public revenue through taxes, fees and infrastructure partnerships.

Benjamin Benschneider

Vulcan was an early adopter of green building practices for its projects. Most recently, 555 Tower in Bellevue, Washington, was designed with all-electric mechanical systems to eliminate fossil fuel combustion.

Signature Projects

A few projects stand out as exemplars of Vulcan Real Estate's approach to development.

West Main: This 1 million-square-foot commercial campus in downtown Bellevue reimagines the modern tech workplace. Fully leased to Amazon, the development consists of three towers, 33,000 square feet of street-level retail and 80,000 square feet of publicly accessible open space.

Vulcan worked closely with city planners and community leaders to ensure the development would enhance connectivity and create a new focal point for Bellevue's urban core. The result includes lush plazas, commissioned public art and fully electrified office buildings designed with decarbonization in mind.

Lakefront Blocks: Lakefront Blocks embodies the blend of history, innovation and sustainability that defines Vulcan's development philosophy. The mixed-use project within South Lake Union includes 600,000 square feet of office built for Google, along with 149 luxury rental units, ground-floor retail and a richly layered public area with plazas and pedestrian pathways.

The rooftop deck with a view of Mount Rainier at Cypress, one of four residential projects Vulcan has delivered as part of the Yesler community.

> **Vulcan Real Estate is known for its skyline-defining towers and bold designs**, but its deeper impact may lie in how the company engages communities long before the first shovel breaks ground.

The site — formerly home to maritime industrial buildings — required complex environmental remediation. Vulcan invested over $6 million to clean contaminated soils and treat all water before it entered Lake Union.

The architecture evokes Seattle's maritime past while delivering modern light-filled workspaces and elegant residential amenities. Lakefront Blocks also features a high-efficiency chilled beam HVAC system, electric vehicle infrastructure and bioswales that treat stormwater runoff.

Yesler: Arguably no project better reflects Vulcan's civic consciousness than Yesler, a public-private partnership with the Seattle Housing Authority to redevelop a historically underserved area into a thriving mixed-income community.

Since 2016, Vulcan has delivered 1,038 residential units across four projects — Batik, Cypress, Wayfarer and Cascara — with 20% to 26% of homes designated as affordable. The architecture celebrates multicultural heritage, and the buildings feature public art. Vulcan contributed to Yesler's public infrastructure that includes a pedestrian pathway, a 17,600-square-foot park and integration with the First Hill Streetcar.

Rooted in Community

Vulcan Real Estate is known for its skyline-defining towers and bold designs, but its deeper impact may lie in how the company engages communities long before the first shovel breaks ground. In Healey's words, development at Vulcan is about building lasting relationships, not just completing projects.

One example of Vulcan's commitment to community is Jackson Apartments, a transformative mixed-use project in Seattle's Central Area, a neighborhood with deep roots in the city's Black community. The company realized traditional top-down development would not work in the neighborhood, so it held over 200 community meetings, directly engaging residents and stakeholders on everything from street layout to retail tenants.

Feedback was clear: The community wanted a mix of retail offerings, cultural preservation and economic opportunity. Affordability was equally important, so the development includes 107 units of income- and rent-restricted housing.

"The community asked for a grocery store, so we brought in Amazon Fresh," Healey recounted. "They wanted affordable retail, so we built micro-kiosks designed for local entrepreneurs. And they wanted a pedestrian connection, so we created a landscaped public path filled with public art."

The Jackson Apartments art program features works from 13 Black artists, many of whom are from the neighborhood. The pieces, spread throughout both interior and exterior spaces, were curated with cultural intention by consultant **Leilani Lewis**. The goal was to root the project in the lived experience of the Central Area's past and future.

Christophe Servieres

Vulcan commissioned "Winds of Change: We Are Still Here" as part of the art program at Jackson Apartments in Seattle's Central Area.

Vulcan also prioritized inclusive hiring and contracting. The project achieved 34% subcontract value awarded to women- and minority-owned businesses. In addition, it included job training and career-building initiatives through partnerships with the Urban League of Metropolitan Seattle, ANEW (Apprenticeship & Nontraditional Employment for Women) and local apprenticeship programs. "It's not about checking boxes," Healey emphasized. "It's about building pathways and making sure the community shares in the value being created."

This approach extends well beyond a single project. In South Lake Union and at Yesler, Vulcan has partnered with organizations to host subcontractor expos and expand the pipeline of underrepresented vendors. Apprenticeship participation across multiple projects has averaged 15%, with nearly one-fifth of apprentices identifying as women or minorities.

Lara Swimmer

Vulcan's Role in Urban Infrastructure

As one of the region's most civically engaged developers, Vulcan has consistently partnered with local government, funding and delivering infrastructure projects that serve both private development and the public good.

That philosophy took tangible form in South Lake Union, where Vulcan collaborated with the city of Seattle on 10 public-private partnerships over a 15-year period, resulting in critical transit and infrastructure upgrades that transformed the district into a vibrant, walkable urban hub.

Among the largest of these efforts was the $250 million Mercer Corridor improvement project that reimagined one of Seattle's key east-west arteries. Vulcan invested $31 million, helping to secure additional public funding and political support. The project alleviated decades of traffic congestion, making the area more accessible to residents and employers alike.

Vulcan also took leadership in the South Lake Union Streetcar initiative, helping to secure funding for the $55 million transit line. The firm's contribution, via the local improvement district, totaled $8.5 million, speaking to Vulcan's belief that transit is key to fueling long-term growth.

Philanthropy

Vulcan Real Estate plays a prominent role in fostering healthy, vibrant and diverse communities in the markets where it invests. The company is an active member of multiple city and neighborhood chambers, associations and business improvement districts. Through these partnerships, Vulcan helps create events and promote initiatives that activate communities, support small businesses and drive economic development, particularly for local retail tenants.

At the property level, Vulcan programs open spaces to encourage public engagement and build stronger communities. It also sponsors various events, including the following:

- Boats Afloat Show
- South Lake Union Block Party
- Jackson Street Jazz Walk
- Umoja Fest (celebrating the African American community and African diaspora culture)
- Bellevue Downtown Ice Rink
- Seattle Chinatown-International District Lunar New Year Celebration and Night Market
- Summer Movie Nights at Yesler Terrace Park

In 2017, Allen announced a $30 million investment to fund the development of permanent affordable housing for families. The initiative was a partnership between the Paul G. Allen Family Foundation,

Vulcan sponsors numerous events, including the South Lake Union Block Party, to help activate communities and encourage public engagement.

Tino Tran

Mercy Housing Northwest and Mary's Place. The Seattle Office of Housing added $5 million, and another $10.7 million was secured through tax credits.

Vulcan Real Estate contributed pro bono professional services that were instrumental in bringing the project to life. The firm:

- Identified a suitable site, secured the property and conducted due diligence.
- Assigned the purchase agreement to Mercy Housing Northwest, which closed on the site in October 2017.
- Oversaw partnership coordination and funding from groundbreaking in 2018 through completion in 2020.

The result was Gardner House and Allen Family Center, a mixed-income community with 95 family-sized apartments offering both affordable and supportive housing, alongside an 8,000-square-foot family center that provides wraparound services such as housing support, job assistance, child care, and diversion programs, as well as space for community events.

Company Culture

When Allen hired Healey, he asked her to develop a team of pros for the company. Today, that team has grown to 34 real estate professionals and support staff with an average tenure of 13 years at Vulcan Real Estate. Ten employees have been with Healey almost since the beginning.

Much of that team-building track record is attributable to Healey's leadership style. "Leadership starts with integrity and transparency," she said. "You must own your decisions, good or bad, and create an environment where people want to grow, learn and stay."

Healey cross-trains employees across development, finance and asset management, creating well-rounded leaders who can adapt and think holistically. This approach has crafted a culture where internal mobility is the norm: Former administrative assistants have become directors, analysts have grown into development managers, and marketing team members have evolved into strategic leaders. Vulcan supports its staff members with tuition assistance and mentoring and encourages them to participate in industry associations.

Financial Success

Vulcan's success is driven by rigorous financial management, strategically timed decisions and a long-term mindset. The company has weathered several challenging events, including the Great Recession, the death of founder Paul Allen (2018) and the global COVID-19 pandemic, yet it has consistently delivered annual compound returns that exceed industry benchmarks.

Vulcan established its track record by carefully timing its exits during favorable market cycles, managing downside risk through underwriting and leveraging third-party debt to increase returns without overexposing its balance sheet. The firm has completed over $5.9 billion in dispositions and secured $5.7 billion in third-party financing from 32 lenders, often structuring deals to optimize outcomes for capital partners and internal stakeholders alike.

"We have spent decades building credibility with our capital partners, so when things got tough, we weren't coming in cold," Healey said. "That trust gave us options."

Between 2016 and 2020, Vulcan secured $2.4 billion across 12 construction loans, locking in average interest rates near 4% during a period of historically low borrowing costs. When interest rates surged in 2022 and capital markets contracted, particularly for office properties, Vulcan was already well positioned. It negotiated key term extensions, avoided forced refinancing and in one case reduced an expected $50 million paydown to zero, all without compromising its risk profile.

These financial moves have allowed Vulcan to take bold steps — such as breaking ground on the West Main towers in Bellevue before Amazon finalized leases — without jeopardizing its balance sheet. Healey attributes this ability to the firm's family office structure.

"We have the freedom to play the long game," she explained. "We're not beholden to quarterly targets or rigid mandates. That lets us think generationally and make decisions that prioritize both financial health and community benefit."

Beyond smart financing, Vulcan has created value through discipline and robust asset sales. Its portfolio has consistently attracted deep investor interest, often resulting in competitive auctions and above-market pricing. Some of its most notable transactions include:

Benjamin Benschneider

The Vulcan Real Estate team at the topping out celebration for 555 Tower.

2012: The sale of Amazon's South Lake Union headquarters — the largest office transaction in the nation that year at $1.16 billion.

2015: The 2201 Westlake office sale, which set a Seattle market record at $792 per square foot, and Rollin Street Flats, which sold for a local record of $662,000 per unit.

2019: Arbor Blocks became Seattle's first office development to exceed $1,000 per square foot, ultimately closing at $1,070 per square foot.

2022: Google-leased Lakefront Blocks sold for $1,261 per square foot at a record-low 3.8% cap rate, setting a new region benchmark for office valuations.

By recycling capital from these high-profile sales into new development, Vulcan consistently maintains financial agility.

Sustainable Urban Development

Vulcan Real Estate has continually pushed the boundaries of sustainable urban development. "Innovation begins with curiosity," Healey said. "We are always asking, 'How can we make this project better, not just for tenants but for the environment and the broader community?'"

Vulcan has been a U.S. Green Building Council LEED leader since the early 2000s. Across its portfolio, projects boast LEED Platinum, LEED Gold and Salmon-Safe certifications. Most recently, 555 Tower and West Main, both in Bellevue, were designed with all-electric mechanical systems, eliminating fossil fuel combustion entirely.

What Comes Next

As Vulcan Real Estate moves ahead, its mission remains unchanged. Each of the company's projects is designed with four core values in mind: prosperity, sustainability, urban vitality and engagement.

"We're proud of what we've built," Healey asserted, "but what excites us most is what comes next. Our pipeline includes 1.4 million square feet of commercial/biotech space and about 1,700 residential units. We saw really strong leasing at our residential projects in the spring with new supply tapering off, which bodes well for the future of the local apartment market. We are also seeing green shoots for an office market recovery. Commercial users are making space decisions and long-term lease commitments. We remain optimistic about the long-term prospects for the Puget Sound region and its economic viability." ■

Ron Derven is a contributing editor to Development magazine.

From Retail to Residential (and Retail)

An enlarged and reinstalled lantern window hearkens back to the former Sears building and helps to distinguish the 6 Corners Lofts development.

John Boehm

The innovative adaptive reuse of an iconic former Sears store is helping to breathe new life into a Chicago community.

By Jooyeol Oh, MG2

AT A GLANCE

The mixed-use 6 Corners **Lofts develo**pment involved **the adaptiv**e reuse of an **expansive** Sears building **that open**ed in 1938.

The development includes **206 reside**ntial units and **50,000 squa**re feet of retail, **with a Targ**et store serving **as the** anchor.

A reinstalled corner display **"lantern" w**indow remains **a signature** design element **for the dev**elopment and **Portag**e Park.

When architecture and design firm MG2 and Novak Development set out to reimagine an iconic art deco-style Sears building in Chicago's northwest Portage Park neighborhood, they understood they were reviving a legacy.

Located at the once-thriving intersection of Irving Park Road, Milwaukee Avenue and Cicero Avenue — an area known as Six Corners — the original building was designed by Nimmons, Carr & Wright. The firm's senior partner, **George Croll Nimmons**, began his career as a draughtsman and eventually built a formidable commercial portfolio that included a 40-year partnership with Sears, Roebuck and Co.

On opening day, Oct. 20, 1938, nearly 100,000 customers poured into the aisles of the 194,000-square-foot Six Corners Sears. The store was a major stake in the ground for the retail company looking to cater to a burgeoning middle-class population that was pushing out farther from the Loop. The original construction cost was $1 million, and its corner display window was reportedly the largest in Chicago at the time.

Now that lantern window — enlarged and reinstalled — remains a signature design element for the new 6 Corners Lofts mixed-use development and the surrounding neighborhood. Anchoring the project and welcoming visitors to the iconic corner structure, it serves as both an entrance, drawing in foot traffic, and a landmark, defining Portage Park's resurgence.

"Our aim was to celebrate the bones of the building," said **Crystal Novak**, vice president at Novak Development. "We weren't interested in erasing history. We wanted to use today's tools and materials to tell the same story in a new voice."

Combining Retail and Residential

A far cry from the original Sears building, which was owned by Seritage Growth Properties at the time of its closing in 2018, the 6 Corners Lofts adaptive reuse project cost between $90 million and $100 million and took nearly two years to complete after its new owner, an affiliate of Novak Development, won approval in 2021. It was financed through the owner with a construction loan, and Novak also made a $2 million contribution to the city's Affordable Housing Opportunity Fund.

The project involved the addition of a five-story wing along Cicero Avenue, a fifth floor over the original 1938 building, and amenity space on the roof. The development includes 206 residential units, 83 of which are two-level

The durability of the original structure allowed for the addition of a rooftop pool and lounge.

"Our aim was to celebrate the bones of the building. We weren't interested in erasing history. We wanted to use today's tools and materials to tell the same story in a new voice."

Crystal Novak, vice president, Novak Development

lofts — notable for the structural columns and exposed beams that MG2 preserved or replicated to maintain the industrial grace of the original building. Six units are dedicated to affordable housing. The residential units opened in February 2024 and are more than 90% leased.

The mixed-use development also includes 50,000 square feet of ground floor retail space, with a one-story Target moving in as an anchor tenant in March 2024, just one month after the residential portion opened. The department store's distinctive branding lends the corner lantern window even greater visual prominence.

Restoring a Landmark

Looking beyond the lantern, high-performing windows offer a rhythm to both corner facades, which echo the art deco heritage of the original Sears. Designed with sleek vertical mullions and bronze-toned finishes, these windows recall the geometry and shimmer of the original fenestration while meeting contemporary energy-efficiency goals.

Cutting the windows proved to be a major challenge. To reflect the building's art deco inspiration, the construction team needed to create 163 new window openings across the second through fifth floors. However, demolishing the concrete was far tougher than anticipated. A demolition ball weighing 8,000 pounds — expected to break through with a single strike — often required 10 powerful hits just to make a dent. During the saw-cutting phase, the concrete continued to show its resilience, with blades wearing out four times faster than normal. However, this same durability turned out to be a structural advantage, allowing for the addition of a rooftop pool and lounge.

"The windows were a major part of this building's success," said **Jim Hempleman**, project director at Novak Construction, which developed the site. "They frame the outside world but also frame the building's character. You can feel the art deco influence in the proportion, in the detail. That's intentional."

Another complex task was integrating modern mechanical systems without disturbing the character-defining features of the original structure. This came on the heels of demolishing a 1970s addition to the original structure at the rear of the site. That challenge extended even to the choice of bricks and mortar, which were color-matched and custom-fabricated to blend with existing masonry.

"It's more of a restoration than a renovation," Novak said. "Every new layer was a chance to elevate the old one. We were certainly adapting an old structure, but the soul of this project is literally restoring this building's status as a vital landmark."

Beyond the aesthetic and historical considerations, the 6 Corners Lofts project adds tangible

John Boehm

John Boehm

MG2 was careful to preserve the industrial grace of the original building in the loft units.

> “We view this as a community asset as much as a business venture. Success here means people feel a renewed pride in their block, their corner, their city.”
>
> *Jim Hempleman, project director, Novak Construction*

value to the community in square footage and amenities. Its ground floor retail space positions the development as a commercial anchor for the Portage Park neighborhood. In an area where foot traffic diminished long ago, the project holds promise for reigniting economic activity and social vitality.

“This isn’t just about filling apartments It’s about filling the corner with life again,” Hempleman said. “We wanted to respect the soul of the neighborhood and give it back a new center of gravity.”

The residential side of 6 Corners Lofts features a rooftop pool, coworking spaces, a fitness center, bike storage rooms, a dog run and a few other amenities meant to appeal to residents and introduce a new urban typology to this historically middle-class neighborhood.

“We view this as a community asset as much as a business venture,” Hempleman said. “Success here means people feel a renewed pride in their block, their corner, their city.”

Generating Value by Design

Elements of the original Sears space and structure offered MG2 and Novak multiple options for carrying the original design intentions through to the current project. The terrazzo floors in the ground floor lobby, flared capital columns, and upcycled doors from the former electrical vault, now displayed as an art piece, are some of the most obvious tributes to the original art deco details. The design team also found hidden opportunities to honor the building’s decorative program while delivering added value to its new residential life. What were formerly decorative elements on the second floor were turned into balconies, offering each residential unit outdoor space. A second lobby was added on the north side of the building to further activate the pedestrian corridor along Cuyler Avenue.

The site’s potential to revitalize the local economy and restore the area’s status as a bustling shopping district is focused on 50,000 square feet of retail space — about the size of a football field. A 44,000-square-foot Target store that includes a pharmacy and groceries serves as the primary tenant. The project is following a pedestrian-first strategy that includes elements such as wider sidewalks — features that boost livability and walkability scores and further enliven neighborhoods.

That pride is already beginning to surface around 6 Corners Lofts. Local businesses are reporting increased traffic, and there is an air of anticipation as remaining retail spaces in the neighborhood are leased. Future tenants are expected to include a mix of locally owned shops, restaurants and possibly a grocer — critical amenities that not only serve residents but also draw visitors from surrounding neighborhoods.

Decorative elements found in the original building were turned into balconies at 6 Corners Lofts to provide each residential unit outdoor space.

John Boehm

Separating the residential and retail sides of a mixed-use project is important to preserve residents' privacy and security, reduce noise and operational disruptions from commercial activities, and ensure tailored access and amenities for each user group.

Architectural value and real value are treated not as opposites but as equal contributors to the success of 6 Corners Lofts.

"In so many projects, there's a trade-off between aesthetic legacy and development economics," Novak said. "Here, we found they could amplify each other. Honoring the building's past gave it a stronger identity, and that's what attracts people to live, shop and spend time here."

Part of that attraction is creating separation between the retail side of this mixed-use complex and the residential side. Target customers park on the ground level, while residents may choose between parking on the basement level and the second level. Separating the residential and retail sides of a mixed-use project is important to preserve residents' privacy and security, reduce noise and operational disruptions from commercial activities, and ensure tailored access and amenities for each user group. Both residential and retail sides have electric vehicle charging to meet the nascent demand for a growing auto segment.

Economic Ripple Effect

The 6 Corners Lofts project is more than just a mixed-use development that offers a creative example of adaptive reuse. It also stands as a cornerstone of economic renewal for a neighborhood long impacted by disinvestment. With its retail anchor, the project is poised to create hundreds of permanent and temporary jobs, all while boosting foot traffic, which is a nonnegotiable ingredient for community revitalization. That foot traffic is also emblematic of new residents who have flocked to the area.

The addition of 6 Corner Lofts' 206 units will bring an estimated 400 to 500 new residents to the neighborhood. Given that the average Chicago household spends more than $1,000 monthly on local goods and services, this population growth could inject upward of $5 million into the local economy each year, boosting local retail sales by 10% to 15%, as reported by the Portage Park Chamber of Commerce.

Beyond its economic impact, the project's adaptive reuse of the historic Sears building has helped stabilize property values. A 2023 report from Urbanize Chicago found that nearby real estate values had risen 7% since site work began in 2021.

"This development is exactly what the Northwest Side needs to reclaim its identity as a vibrant, desirable place to live and do business," Novak said. "It's not just an investment in buildings; it's an investment in people, opportunity and long-term community growth."

Reversing Antiurban Trends

The Portage Park community, along the vital Interstate 90 corridor that connects O'Hare International Airport to downtown, is undergoing a quiet economic transformation.

Courtesy of MG2

A historical photo of the former Six Corners Sears, which welcomed nearly 100,000 customers on its opening day.

Long defined by its early 20th-century bungalows and strong middle-class roots, the area is now seeing renewed interest from developers, small business owners, and young families priced out of trendier enclaves such as Logan Square and Wicker Park. Historically a working-class stronghold, Portage Park has maintained relatively stable homeownership rates but saw stagnation in retail and commercial growth for much of the early 2000s. Six Corners was once one of Chicago's premier shopping districts. In recent decades, however, it has suffered from high vacancy rates and disinvestment.

Now, foot traffic is rebounding, aided by infrastructure upgrades, including new pedestrian pathways and improved public access to local Chicago Transit Authority (CTA) bus and train lines. CTA's blue line, the city's longest, runs nearby, directly connecting the site to O'Hare and the Loop. The residential market is also tightening. Median home prices in Portage Park rose by nearly 9% from 2022 to 2023, outpacing several other Northwest Side neighborhoods. Demand is being driven by first-time buyers seeking affordability without sacrificing access to green space, transit or strong public schools.

While challenges remain — including filling vacant storefronts and balancing new investment with affordability — Portage Park is positioning itself as a test case for neighborhood revitalization that doesn't rely on rapid gentrification. With a blend of historic character and new economic momentum, it offers a glimpse into the evolving middle-class geography of Chicago.

As the last few units are leased, 6 Corners Lofts has been praised as a model for adaptive reuse, reinvestment and relevance to shifting demographics.

"There's this belief that history and progress are mutually exclusive," Hempleman said, "but when you work with the right design team and listen to the community, you realize it's exactly the opposite. The past can be your springboard." ■

Jooyeol Oh, AIA, LEED AP, is a principal at global architecture and design firm MG2, an affiliate of Colliers Engineering & Design.

OFFICE BUILDINGS VS. DEPARTMENT STORES

As is the case with new design, there is no one-size-fits-all strategy with adaptive reuse. There are, however, key factors — and differences — to consider when determining whether an office building or a department store is the better candidate for conversion to multifamily residential use.

Floor-plate depth is the first big factor. Early 20th century office buildings, which typically do not have the deep floor plates that make most post-1970s office towers exceedingly difficult to pencil out, are often mentioned as ideal candidates for multifamily conversions.

Access to natural light is another important factor. Retail spaces have traditionally relied on artificial light to control how products are displayed. As a result, they tend to feature few windows, while offices, even in Brutalist design, tend to have windows throughout. Punching out windows in the conversion of the Six Corners Sears was an enormous undertaking.

Another area for comparison is the number of elevators. Office buildings typically need more elevators for dispatching people quickly multiple times throughout the day, while in retail spaces, elevators are often fewer and slower.

For either type of conversion, it is important to consider the orientation of the building and determine the strength of the structure. For example, the building material used in the original Six Corners Sears was strong enough that rooftop amenities, including a swimming pool, could be added to the adaptive reuse project with minor structural augmentation.

Recognizing the Evolving Needs of Senior Housing

An exterior rendering of Benchmark Senior Living's new 90-unit assisted living and memory care community in East Islip, New York.

Courtesy of Meyer/Benchmark Senior Living

Developers and designers are partnering to address the **influx of baby boomers into the senior living market.**

By Shannon Remaley, Dan King and John Reynolds, Meyer

AT A GLANCE

Demographics highlight a supply-and-demand imbalance in the senior housing market that is expected to grow as the baby boomer generation ages.

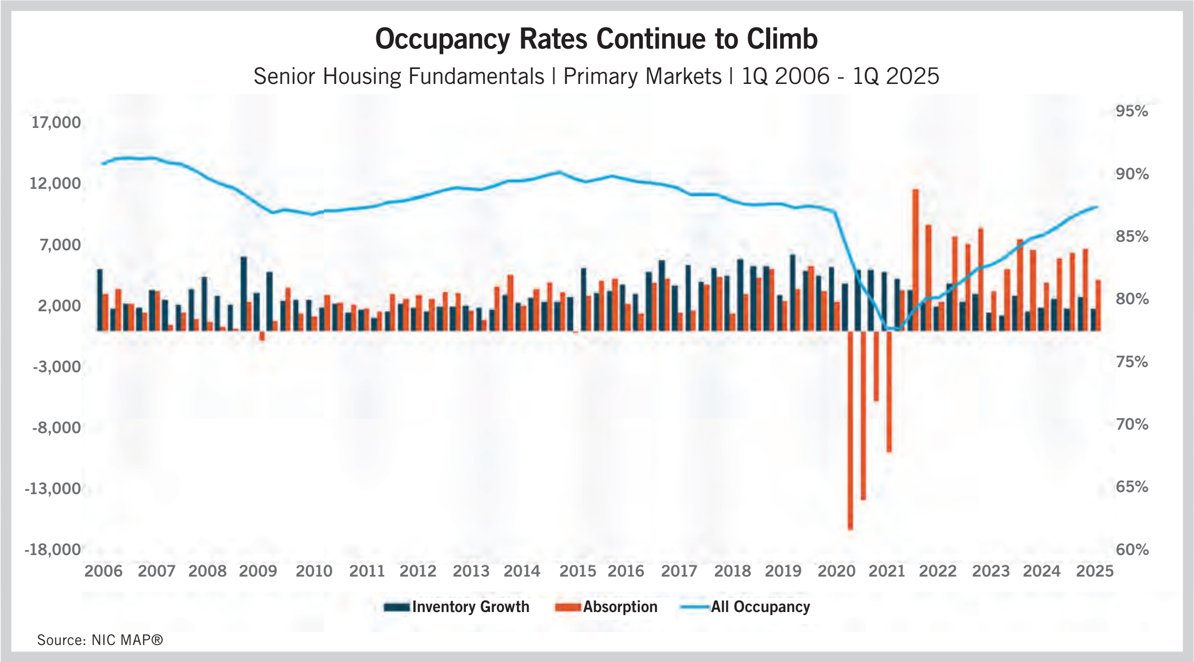
Some investors are shifting from ground-up development of senior housing to acquiring existing assets and repositioning them through adaptive reuse.

Greater focus is being dedicated to aging in place in the design of modern senior housing communities.

A capital markets environment marked by inflation, high interest rates, tariffs and supply chain disruption has created an unstable market for commercial development.

Construction costs remain inflated, most recently hindered by tariffs and federal policy affecting the labor market. U.S. Bureau of Labor Statistics Producer Price Index data released in June showed that inputs to commercial construction were 44.6% higher than in February 2020. While not as susceptible to the current economic climate as office or retail assets, senior housing isn't immune to its effect. According to a brief prepared by The Weitz Company for the American Seniors Housing Association in April, construction costs in the senior living sector were projected to rise approximately 4% to 6% over the 12 months following the report.

The general unease in the market means the Federal Reserve is unlikely to significantly cut interest rates, resulting in a lending environment that has caused some to shelve new senior housing development until next year. However, conditions surrounding some alternative asset classes such as senior housing are still favorable for growth, and developers are finding ways to stay active.



Demographic Shifts Amplify a Supply-Demand Imbalance

The U.S. population is aging. By 2030, all baby boomers will be 65 or older, and the cohort will have eclipsed the number of citizens 18 and younger. The 2020 census reported a sizable 34% increase in the 65-and-older population since 2010, estimating the number of baby boomers to be around 73 million.

Since a steady COVID-19 recovery over the past 36 months, senior housing occupancy rates in primary markets exceed 87% and are trending higher while inventory growth lags. Meanwhile, senior housing construction starts across primary and secondary markets recorded an all-time low in the first quarter of 2025.

Benchmark Senior Living Vice President of Development **Eric Gardner** said finding a capital partner that understands these sector-specific metrics has been crucial to the company's successful ground-up developments in the current market.

"We have a solid relationship with a capital partner that has deep experience in senior housing and believes in the fundamentals of the business and the positive tailwinds that are upon us," Gardner said.

But belief in senior housing fundamentals is only part of the equation for potential capital partners. "Our operating platform, with 90%-plus occupancy and strong net operating income across our portfolio, provides assurances to investors and gives them the confidence to invest in new ground-up development during challenging times," Gardner said.

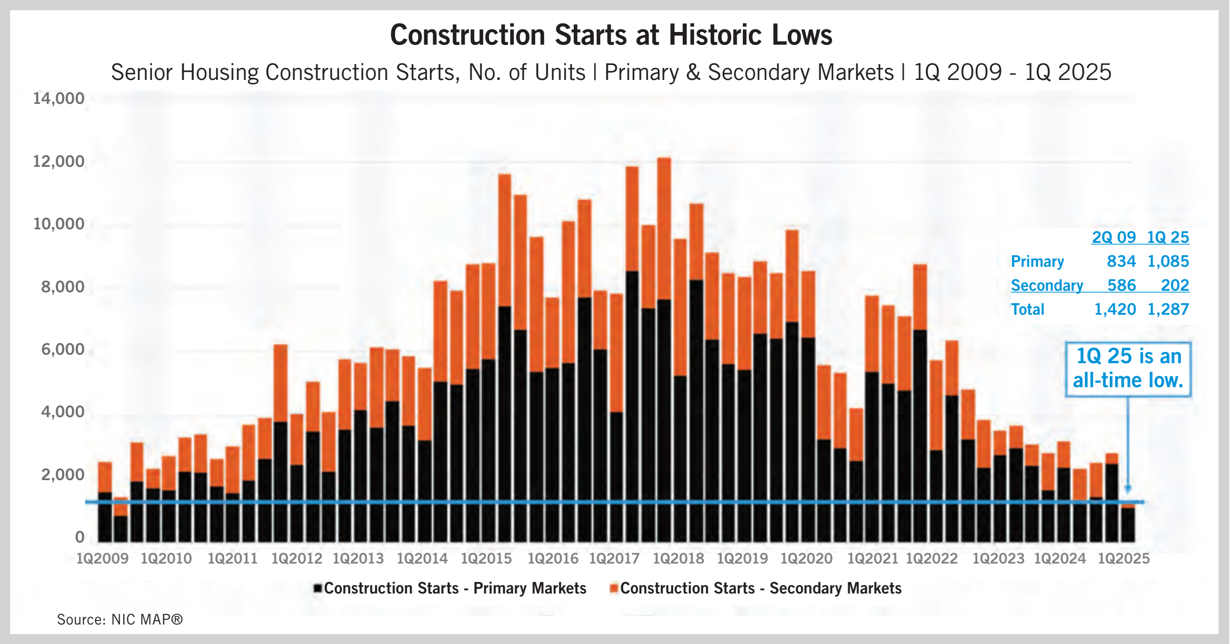
Site Selection and Community Engagement

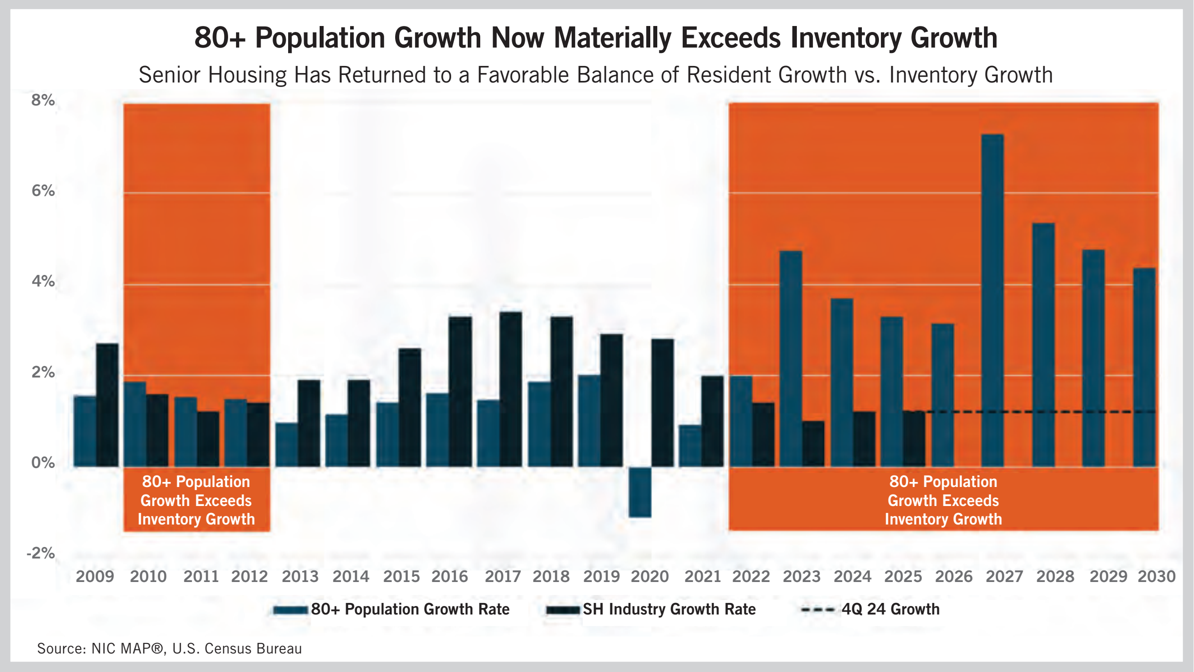
Another important factor for new senior housing development to move forward is careful site selection with local buy-in. "We are extremely selective when choosing locations for ground-up developments," Gardner said. "Under the current lending environment, it is more important than ever to pursue only sites that are the best of the best. This approach allows both equity partners and lenders to get comfortable with the development proposal. ... Factors such as quality of competitive operators, age of competitive product, competitive product type and quality of site within the market all have a significant impact on site/market evaluation."

Meyer, a national architecture and design firm specializing in senior living, is partnering with Benchmark Senior Living to design a new 84,000-square-foot, 90-unit assisted living and memory care community in East Islip, New York, on Long Island's South Shore.

East Islip is a strong primary market area with high-demand metrics, including a robust senior population (those 75 and older) and a corresponding population of adult children who often act as caregivers. Adult children ages 46-64 constitute an important demographic cohort because seniors often locate near their children when choosing senior housing. The East Islip market also has a limited supply of similar product types — namely state-of-the-art building design with an amenity-rich environment that meets the demand of the baby boomers who are aging into the senior housing demographic. Lastly, the project site sits in the heart of the community with good visibility and accessibility on Montauk Highway and is part of a well-connected residential neighborhood. The scale and style of the building, combined with intentional landscape design, will give the property a distinctly residential feel.

Benchmark held multiple public meetings to convey the vision for the project and solicit input from neighbors and other community members. Company representatives also met with town staff and elected officials





with the goal of crafting a development proposal that was responsive to input from the community. The result was a complete redesign of the project: flipping the building and the front entrance to face Montauk Highway, adding substantial parking for surrounding uses (two restaurants and a post office), enhancing landscape buffers to add almost an acre of green space to the plan, and running through multiple iterations of building elevations to arrive at an architectural style to blend with the surrounding residential environment.

"The community engagement was transformative for the project and resulted in a better plan for project stakeholders," Gardner said.

Community engagement and connection also played a role in design execution. The site was previously home to a bowling alley that local residents frequented. Meyer designers incorporated a senior-friendly bowling alley into the community design to pay homage to the site's history. This feature also serves as a differentiator for the senior housing community that will encourage activity among residents and intergenerational engagement between residents and their visiting loved ones.

Adult children ages 46-64 constitute an important demographic cohort because seniors often locate near their children when choosing senior housing.

The family kitchen of Benchmark's East Islip senior housing community.

Courtesy of Meyer/Benchmark Senior Living

In approaching the design of senior living communities, Meyer is being mindful of who the residents are today and who they will be in the future. For example, the early baby boomers living in these communities place value on lifestyle, experiences, independence and a focus on holistic wellness.

A New Focus on Existing Assets

Many investors have shifted from ground-up development to acquiring existing assets at below replacement cost, focusing on purchasing stabilized trophy assets, repositioning assets and undertaking large-scale renovations. Meyer has partnered with Washington, D.C.-based developer Capitol Seniors Housing on numerous renovation and repositioning projects, including completion of a two-year adaptive reuse conversion of a 145,000-square-foot Residence Inn by Marriott to a 116-unit assisted living community.

"To get a green light on a development deal, on a leveraged basis, you need to be able to show a project-level internal rate of return of 20% or 9% untrended yield on cost," said **Michael Hartman**, chief investment officer responsible for the Active Living platform at Capitol Seniors Housing. "Sometimes, we just can't get the numbers to work to have the equity investors who would normally be funding development. They can get the same returns they used to be able to get from developing by just buying."

Preserving trophy assets and repositioning assets requires less capital expenditure and can represent safe investment. However, while acquiring assets for large-scale renovations and adaptive reuse projects can approximate the returns of new development, they are also susceptible to financial risk and require sound coordination and strategy from all parties involved.

From a design perspective, it is important to expect the unexpected, perform comprehensive space planning, involve operators early on in the process, and have an intimate knowledge of the resident perspective. Renovations offer a unique opportunity to evaluate how a senior housing community is performing: Where is it meeting resident expectations and staff needs? What spaces are engaging and what spaces are underutilized? What is attracting new residents to the community? Developers are able to hear directly from residents and property staff and incorporate feedback into a design.

In approaching the design of senior living communities, Meyer is being mindful of who the residents are today and who they will be in the future. For example, the early baby boomers living in these communities place value on lifestyle, experiences, independence and a focus on holistic wellness.

A close partnership between the developer, operator and design team is necessary to ensure the spaces allow for optimized programs. While each space needs to be fully understood programmatically, adaptability in design is critical in an evolving senior living market.

Senior housing is a product that requires multiple parties to understand the specific target population for a project to be successful. All parties — developers and equity partners, operators, architects and designers, and product vendors — should have a deep understanding of the needs of the intended resident, whether the community is active adult, independent living, assisted living or memory care.

Baby boomers are staying in their homes longer and transitioning to senior housing options later. This has led to adjustments in senior housing design, with greater emphasis on aging in place. Even at the entrance care level of independent living,

The addition of senior-friendly bowling lanes will serve as a differentiator for the new senior housing community in East Islip.

Courtesy of Meyer/Benchmark Senior Living

designers are mindful of the higher acuity that may be occurring. Meyer designers focus on design elements such as adaptable ADA-compliant millwork, future conversion of grab bars in bathrooms, and flooring finish selections that allow for ease of movement for resident as they age. Designing for aging in place at the independent living level also helps to compensate for residents who may be hesitant to move to a higher acuity level due to fear of what that might mean for their way of life or because of the stigma surrounding it.

As baby boomers continue to age into the senior living demographic and the funnel for senior living residents grows, it is increasingly important for designers and developers to form strong partnerships to build financially viable projects that meet resident expectations. ■

Shannon Remaley, NCIDQ, EDAC, IIDA, WELL AP, LEED Green Associate, is a principal at Meyer. **Dan King**, AIA, NCARB, is a principal at Meyer. **John Reynolds** is the marketing strategist at Meyer.

ADDRESSING THE MIDDLE MARKET GAP IN SENIOR HOUSING

About 60% of all seniors will change housing types between ages 65 and 84. Much of this shift can be attributed to traditional downsizing to a rental community, sometimes with access to the "safe urbanism" — walkable communities with urban amenities, culture and education — that baby boomers crave. As an aging population makes the transition to senior living, active adult communities provide a value-driven option that fills a hole in the market and allows healthy seniors to age in place.

As of the second quarter of 2024, 11%-12% of Americans ages 75 and older resided in independent living, assisted living or memory care units, but penetration rates for active adult units for those 65 to 84 were only 0.5%.

"I'm a big fan of [active adult communities]," said **Michael Hartman** of Capitol Seniors Housing. "I dedicated seven or eight years of my life just to active adult, but I think the book is still unwritten as to whether it's really going to work."

Unlike traditional senior housing, where the continuum of care ranges from transportation, meals and basic services to long-term chronic care, active adult communities traditionally provide only age-restricted housing with coordinated activities. In addition to overcoming the stigma of senior housing, a case must be made for the financial premium of active adult communities versus conventional multifamily.

"That's the magic question," Hartman said. "If it's $1,500 for a small one bed[room] over there, what's a reasonable rent to get you into an age-restricted [unit]? Is it $1,750 or is it $1,550? The rule of thumb in most markets in America is 15%. If I'm writing a business plan to convince you to invest in my deal, I'm going to say there are 10 apartment buildings [with one-bedroom units for rent] for $1,500, and I'm going to slap on $225. In some markets, it's more than 15%; in others, it is flat to multifamily."

Active adult communities have typically relied on dedicated socialization activities that fall into three categories: games, fitness, and food and beverage. Developers and designers continue to work together to incorporate amenities to differentiate active adult communities and justify the premium to multifamily.

Amenities such as yoga and meditation rooms, dietitians, catering kitchens and resort-style pools support wellness goals. Walking paths, pickleball, bocce, shuffleboard and cornhole encourage social, active lifestyles. Lastly, incoming baby boomers are much more tech savvy than their senior housing predecessors. The inclusion of amenities such as theater rooms, golf simulators and augmented reality rooms can make maintenance-free living in an active adult community of their generational peers more appealing to baby boomers.

The Benefits and Challenges of Developing **Sports and Entertainment Districts**

The Intuit Dome is home to the Los Angeles Clippers of the NBA.

Dutcher Aerials via iStock Unreleased

These high-profile projects are increasingly **influencing urban real estate strategies.**

By Keven Rowe, Spencer Hafen and Chris Rowe

AT A GLANCE

Sports and entertainment districts integrate multiple types of real estate uses around a professional sports venue.

The developments are designed to attract visitors, businesses and residents year-round rather than only on game days.

Such projects often leverage special tax districts and public financing mechanisms to support infrastructure improvements.

Professional sports franchises bring prestige, community involvement and, importantly, significant and diverse sources of revenue to cities and their inhabitants.

An ever-growing roster of cities and private investors are partnering to attain this cultural pinnacle by developing mixed-use sports and entertainment districts. These districts are planned urban areas that integrate multiple types of real estate uses, such as residential buildings, retail stores, restaurants, hotels and office space, all surrounding the crown jewel of a professional sports venue. The districts are designed to generate economic activity well beyond the sporting events themselves by fostering vibrant, walkable communities that attract visitors, businesses and residents year-round. These modern developments are not only reshaping how fans engage with their teams but also transforming urban real estate strategies.

Developers and others in the commercial real estate industry have unique opportunities to participate in these high-profile projects — not just as builders but as equity partners, infrastructure investors and long-term asset managers. For CRE professionals, the right approach can unlock diversified revenue streams, public incentive alignment and brand-defining urban revitalization.

Big League Utah, a coalition of high-profile business and civic leaders in Salt Lake City, including Gov. **Spencer Cox** and billionaire **Gail Miller**, put forth proposals to partner with the municipality to attract a Major League Baseball (MLB) team to the city. Similarly, the Orlando Dreamers, co-founded by the late Orlando Magic executive **Pat Williams**, has secured $2.5 billion in funding based on its proposal for a 45,000-seat domed baseball stadium near International Drive in Orlando. Both of these proposals feature a mixed-use sports and entertainment district as the centerpiece of the development.

Mixed-use developments involving a sports or entertainment focus enhanced by related retail, office and multifamily components have become a staple of new project developments in recent years. There are numerous examples throughout the United States, including The Battery Atlanta, developed around the Atlanta Braves' Truist Park; the Intuit Dome in Los Angeles, home of the Los Angeles Clippers of the National Basketball Association (NBA); and Deer District, anchored by Fiserv Forum, home of the NBA's Milwaukee Bucks. This model has become the preferred structure for bringing new sports/entertainment development online.

This article provides a framework for developers and other CRE professionals to evaluate

Sports and entertainment districts are designed to remain activated, even when the stadiums they surround are empty.

Ramaz Bluashvili via Pexels.com

Developers can capitalize on this momentum by securing entitled real estate, acquiring adjacent real estate and exploring options such as ground leases, profit-sharing agreements or phased-fee development deals in adjacent parcels.

and structure investments in mixed-use sports and entertainment districts, with an emphasis on entitlement strategy, capital stack optimization and long-term asset performance.

Benefits

For forward-thinking developers, sports-anchored mixed-use districts offer a powerful platform to unlock new revenue streams, enhance property values and create vibrant year-round destinations. These projects can deliver key benefits, including:

Optimizing Real Estate Beyond Game Day

One of the primary financial advantages of mixed-use developments for sports teams — and a major opportunity for developers — is the ability to monetize real estate assets beyond game-day revenue. By owning and leasing commercial, residential and hospitality spaces, teams and development partners generate consistent income streams. As Milwaukee Bucks President **Peter Feigin** stated, "We're looking to create a 365-day attraction for Wisconsin residents that will help revitalize downtown Milwaukee."

According to a 2024 report in the Sports Business Journal, The Battery Atlanta became profitable within five years due to its strong mix of retail, office and residential leasing. Business law firm Buchalter helped finance a development on a parcel entitled for multifamily use and sold to a private developer as part of the project's overall master plan.

Teams that retain ownership of surrounding property benefit from appreciating land values, long-term rental income and the ability to capture a share of economic growth driven by their own developments. Developers can capitalize on this momentum by securing entitled real estate, acquiring adjacent real estate and exploring options such as ground leases, profit-sharing agreements or phased-fee development deals in adjacent parcels.

Synergies With Related Uses

Mixed-use districts thrive when they integrate complementary businesses that enhance the fan experience and attract visitors beyond sporting events. Entertainment venues, restaurants, hotels, high-density housing and retail shops create a self-sustaining ecosystem where each component feeds into the success of the others.

Thrive City, an 11-acre mixed-use complex in the district surrounding Chase Center, home to the NBA's Golden State Warriors, is a prime

Ballpark Village, a retail and entertainment district across the street from Busch Stadium in St. Louis, attracted $585 million in private investment.

BackyardProduction via iStock Editorial/Getty Images Plus

Mixed-use developments involving a sports or entertainment focus enhanced by related retail, office and multifamily components have become a staple of new project developments in recent years.

example. Corporate office space, luxury retail and an active events calendar ensure consistent foot traffic year-round, making the district in San Francisco's Mission Bay neighborhood financially viable outside of basketball season. This strategic blending of sports, entertainment and commercial activity creates cross-promotional opportunities and maximizes visitor spending.

For developers, this translates into dependable leasing opportunities and the chance to tailor product offerings to diverse audiences. **Reed Cordish**, principal at The Cordish Companies, a developer of large-scale urban revitalization projects, emphasized the multifaceted nature of modern entertainment districts: "The most powerful districts, sports-anchored developments, are multiuse at their core. Then you create a best-in-class neighborhood around it, with a hotel and meeting space, office and residential all potentially playing a part."

Ability to Create Tax and Governmental Funding Districts

Many mixed-use developments leverage special tax districts and public financing mechanisms to support infrastructure improvements. These tools, which help offset development costs while ensuring that public investment benefits the broader community, include tax increment financing (TIF), infrastructure bonds and opportunity zones.

Ballpark Village, a retail and entertainment district located across the street from Busch Stadium, home of MLB's St. Louis Cardinals, successfully used $65 million in tax credits and public incentives, attracting $585 million in private investment. When structured effectively, these funding models allow teams to secure public support for infrastructure (roads, utilities, transit) while retaining control over revenue-generating assets.

Such projects aren't exclusive to major cities or municipalities. In Wichita, Kansas, EPC Real Estate Group is spearheading a $110 million mixed-use development adjacent to Equity Bank Park (formerly Riverfront Stadium), home to the Wichita Wind Surge, a Minor League Baseball affiliate of the Minnesota Twins. The project encompasses an eight-story hotel, luxury apartments, retail spaces and a public parking garage, all designed to integrate seamlessly with the ballpark experience. The development aims to revitalize the Delano neighborhood and the Arkansas River corridor by transforming the area into a sports-anchored urban district. The city of Wichita facilitated this initiative through public-private partnerships, leveraging sales tax and revenue (STAR) bonds and TIF to support the project's infrastructure and economic viability.

Developers familiar with these funding models are well positioned to structure creative capital stacks and take advantage of incentives provided by governmental entities in connection with the development of sports and entertainment-anchored project areas.

Revitalization of Older Neighborhoods

Stadium-centered mixed-use developments have been instrumental in revitalizing aging urban areas, transforming underutilized land into vibrant entertainment districts. By anchoring redevelopment efforts around a high-profile venue, these projects spur economic activity, increase property values and attract new businesses. Heightened property values, together with public investment in infrastructure, support the development of new projects in areas that were once economically disadvantaged.

The Battery Atlanta turned a former industrial area into a high-demand commercial hub. Property values in and around the project increased from $5 million in 2014 to $736 million in 2022, according to an annual report. In addition, the stadium and development pumped $38 million in tax revenue into the county, state and school district in 2022, with $9.4 million going to the Cobb County Board of Education.

The proposed Power District in Salt Lake City is another example of a mixed-use sports and entertainment district that promises to transform an older industrial area, bringing dramatic increases to community resources and creating diverse economic drivers within the area.

Developers can play a central role in planning and executing these broader revitalization efforts by taking on roles as master developers or aligning with civic goals through community benefits agreements.

The Battery Atlanta, developed around the Atlanta Braves' Truist Park, turned a former industrial area into a high-demand commercial hub.

Rajesh Pandit via iStock Editorial/Getty Images Plus

> **"The most powerful districts, sports-anchored developments, are multiuse at their core.** Then you create a best-in-class neighborhood around it, with a hotel and meeting space, office and residential all potentially playing a part."
>
> *Reed Cordish, principal, The Cordish Companies*

Challenges

While sports-anchored mixed-use districts offer significant opportunities, they also come with unique complexities. Developers should be mindful of several key challenges that can impact project success and long-term viability:

Infrastructure Costs

Adding a major sports/entertainment district with ancillary uses to a previously undeveloped area necessarily involves substantial upgrades to surrounding public infrastructure. This includes major road and public transportation upgrades, water and sewer upgrades, and power capacity and service upgrades. Doing this typically involves state agencies (e.g., for changes and upgrades to freeway, rail and other public transportation), county and city governments (e.g., for changes to local roads, water and sewer districts), and quasi-governmental agencies (e.g., power companies with respect to gas and electrical capacity and service). Many of these processes are multiyear undertakings that may involve public initiatives such as tax increases, the creation of improvement districts, and public or quasi-public bonding.

In addition, a major sports/entertainment district typically requires substantial investment in the creation of parking facilities. Parking is a challenge to incorporate into any major development project. Surface parking, while the most economical type of parking to develop, also uses the most land — most of which could likely serve a better ancillary use. Structured parking is the better choice from a synergistic and operational standpoint, but these facilities are traditionally expensive to build and offer limited income potential. As a result, public participation may be required to make a major project feasible. The Battery Atlanta's model of assigning maintenance responsibilities to a private development authority has proved effective, whereas other projects that have relied on municipal upkeep have sometimes faced funding shortfalls that led to declining conditions over time.

It is not uncommon to form a master parking construct whereby related private and commercial projects (such as a multifamily project and a sports and entertainment project, respectively) parking facilities that serve the entire development while sharing the costs in a way that makes the construction of such facilities economically feasible.

The Entitlement Process

The entitlement process, including rezoning approvals and land acquisition, can be one of the most time-consuming and contentious aspects of a mixed-use development. Developers often face resistance from existing property owners,

The Orlando Dreamers have estimated that securing an MLB franchise and subsequently developing the rendered mixed-use district could generate $40 billion in revenue for Central Florida over the next 30 years.

Courtesy of Orlando Dreamers

Developers can play a central role in planning and executing these broader revitalization efforts by taking on roles as master developers or aligning with civic goals through community benefits agreements.

requiring complex parcel assemblages to secure the necessary land for a cohesive district. The Battery Atlanta, for instance, had to navigate zoning variances to allow for a mix of residential, commercial and entertainment uses, while The District Detroit has struggled with stalled land acquisitions, slowing its overall progress.

Navigating these regulatory hurdles requires strong municipal partnerships and legal expertise to ensure a smooth approval process. Private developers who become part of these projects can often use the political excitement created by proposed sports and entertainment districts to obtain entitlements for associated private developments such as multifamily or ancillary mixed use.

Financial Feasibility of Development

Rising construction costs, high interest rates and uncertain economic conditions make financing mixed-use developments increasingly difficult. Developers often depend on high-density housing within mixed-use developments to maintain profitability. However, current economic conditions in the multifamily sector have not been strong enough to sustain mixed-use projects at the scale traditionally seen.

While projects like The Battery Atlanta have proved successful, others, such as The District Detroit, have faced delays due to economic downturns and shifting investor confidence. Developers must carefully balance private capital, public incentives and projected revenue streams to ensure financial viability. The shift toward private funding, as seen with SoFi Stadium and Chase Center, has proved to be more sustainable in the long run, as these projects avoid reliance on uncertain public subsidies.

Action Items for Developers

To capture opportunities in mixed-use sports and entertainment districts, developers should start by identifying municipalities that are actively pursuing or supporting stadium redevelopment efforts. This involves monitoring city council agendas, sports franchise relocation rumors and economic development incentives. Early engagement with both municipal planners and team ownership groups can position a developer as a strategic partner, particularly if the developer has experience with complex entitlements, master planning or public-private financing.

Developers can also conduct site control and entitlement feasibility assessments in the area around a proposed or existing stadium. This includes mapping parcels, identifying underutilized properties and analyzing zoning overlays or redevelopment district potential. By assembling key parcels or forming joint venture agreements with local landowners, developers can secure a first-mover advantage and increase leverage in broader master-planning efforts.

Finally, prepare a phased financial model that accounts for stadium adjacency, anchor tenant risk and infrastructure contributions. Secure letters of interest from retail or hospitality tenants, and work with public partners to explore TIF, special assessment districts and federal programs like opportunity zones. The most successful developments combine a proactive entitlement strategy with flexible capital stacks and phased delivery, ensuring both financial viability and long-term upside.

A Growing Appreciation for Real Estate Expertise

When billionaire **Mark Cuban** sold his majority stake in the NBA's Dallas Mavericks in 2023, he cited the need for owners of modern sports franchises to possess expertise in real estate development — a skill he said he lacked.

The integration of entertainment and community development that is evident in modern mixed-use sports and entertainment districts is a valuable prize for any city. Putting a successful district together involves opportunity, timing, funding, marketing, land availability, legal complexity and navigation of community politics. As a result, it takes a team of entrepreneurs, sports professionals, CRE professionals, community leaders, and business, tax and legal partners to bring a vision to reality. When such a dream is realized, however, cities and their residents will see revenue skyrocket; local businesses large and small will experience substantial growth; and the quality of life for individuals living in and around the development will dramatically improve as retail, entertainment and community involvement become more accessible than ever before. ■

Keven Rowe is a shareholder in Buchalter's Salt Lake City office and a member of the business law firm's real estate practice group. **Spencer Hafen** is an attorney in Buchalter's Salt Lake City office. **Chris Rowe** is a development associate at Scratch Development in Utah.

As of May, plans were underway to renovate or build at least 39 major sports venues throughout North America, according to sports agency Klutch Sports Group. Wall Street Journal reporter **Rebecca Picciotto** cited the number in her article "Cities Turn to Sports Stadiums to Snap Out of Downtown Doom Loop."

State Action for Ensuring Sustainable Electricity Supply

Rapidly increasing energy demands pose challenges for commercial real estate.

By Toby Burke

The sustainable supply of electricity in the United States is becoming an increasingly important issue for commercial real estate and development. Demand for additional electricity is expected to surge due to essential data and AI facilities, building and transportation electrification, innate economic growth and population increases.

ICF International, a global solutions and technology provider, projects that electricity demand in the U.S. will increase 25% by 2030 and 78% by 2050 compared with 2023 levels. This will require the generation of additional electricity and the improvement and expansion of transmission lines. Governors and state legislatures are already taking steps to address the growing need for electricity in the short term, but more will need to be done in the long run.

mammuth via iStock/Getty Images Plus

Addressing Energy Issues

The Utah Legislature took action early this year to address insufficient energy supply with the unanimous passage of Senate Bill 132. The legislation allows for "closed private generation systems" — a top priority for NAIOP Utah — that operate behind the meter to generate the electricity needed to service large-scale development projects. The private generation systems can connect with the interstate transmission grid if they meet federal and state requirements.

In addition, Utah Gov. **Spencer Cox**, incoming chair of the Western Governors' Association, has made sustainable energy generation, transmission and storage a regional issue as the chair initiative for 2026. The initiative is expected to identify priorities for meeting regional energy supply and demand needs, best practices on energy policy, and potential issues for the organization's advocacy.

In the Northeast, Pennsylvania Gov. **Josh Shapiro** announced in March his "Lighting Plan," described in a press release as "a comprehensive, all-of-the-above energy plan" to meet the commonwealth's increasing energy needs. The plan is intended to incentivize and support the generation and transmission of a sustainable energy supply for Pennsylvania's future because "doing nothing is not an option." Components of the plan to advance energy projects include:

- Amending Pennsylvania's Economic Development for a Growing Economy Tax Credit to include a new Reliable Energy Investment Credit focused on adding reliable energy sources to the transmission grid, and revising the Regional Clean Hydrogen Tax Credit for hydrogen projects, including expanding eligibility qualifications.
- Establishing the Reliable Energy Siting and Electric Transition Board to accelerate and improve efficiencies in state siting permit processes for the "next generation" of projects through a central government entity.
- Updating Pennsylvania's Reliable Energy Sustainability Standard to incentivize the diversification of energy sources, including nuclear and renewable energy projects and energy storage, to meet future energy consumption needs and to remain competitive with other states.

Building Performance Standards

Some states and localities have enacted policy initiatives mandating building performance standards that will reduce greenhouse gas emissions attributable to a building's usage of natural gas as a source of heat and hot water systems. These unfunded mandates pose significant challenges not only for commercial real estate development but also for utility service providers in delivering the necessary generation and transmission of electricity to meet demand.

In 2023, the Colorado Air Quality Control Commission enacted statewide mandates (Regulation 28) requiring owners of "covered" buildings to meet infeasible and unattainable energy use and greenhouse gas emission reduction targets of 50% by 2030. These buildings include any commercial or multifamily structure over 50,000 square feet. Failure to meet targets will result in progressively escalating fines.

NAIOP Colorado, along with the Colorado Apartment Association, the Apartment Association of Metro Denver, and the Colorado Hotel and Lodging Association, has filed a lawsuit challenging the building performance mandates within Regulation 28 and local Energize Denver mandates. A central argument in the lawsuit is that both the state and local regulations are preempted by the federal Energy Policy and Conservation Act of 1975. The outcome of the lawsuit may trigger a more comprehensive and attainable policy discussion between the public and private sectors regarding realistic building performance standards and the sustainable generation and transmission of energy to meet future commercial and residential usage.

Confronting a Growing Challenge

States play a vital role in establishing policies designed to meet growing energy demand, including the siting of energy facilities, the construction of high-voltage transmission lines, and retail pricing. The generation and transmission of electricity to meet current and future demand is a major issue at each level of government across the country. The lack of assurance regarding the sustainable delivery of electricity is increasingly hindering commercial development and the economy at the state and national levels. ■

Toby Burke is associate vice president of state and local affairs at NAIOP.

Advancing Solutions to Office Market Challenges and Housing Shortages

NAIOP Massachusetts played an active role in passage of a state bill that makes it easier to pursue office-to-residential conversions.

By Anastasia Daou, NAIOP Massachusetts

It's no secret that major cities across North America are still feeling the impacts of the COVID-19 pandemic on the office market. According to Collier's recent report "The U.S. Office Market 5 Years After COVID," the pandemic's impact "triggered a sharp decline in the U.S. office market as companies reassessed their real estate strategies by rethinking how much space they truly needed, how to utilize it, and where it should be located."

Another trend dominating market discussions is the widespread housing crisis, brought on by decades of underproduction. In Massachusetts, restrictive zoning and fragmented regulations have resulted in a severe supply-demand imbalance, driving home prices and rents to unsustainable levels and becoming a major concern for the state's competitiveness. Employers at all levels repeatedly cite Massachusetts' housing shortage as a key challenge in attracting and retaining talent.

Given these two trends, it's no surprise that conversations about commercial-to-housing conversions have increased. While the concept is not new, both the public and private sectors have shown greater interest in encouraging these projects. Still, challenges remain. In Massachusetts, where the building stock is significantly older than in many other parts of the country, feasibility is a significant barrier. In 2022, a study on the viability of office-to-residential conversions found that only 10 of the 84 buildings Gensler analyzed in Boston warranted further review. In addition, conversions in Massachusetts are more expensive than ground-up construction due to the complex energy and building regulatory frameworks in place.

Advocating for the Affordable Homes Act

In 2022, Massachusetts Gov. **Maura Healey** was elected on a pro-housing platform, and there was a swell of support for addressing the commonwealth's housing needs. In fall 2023, Healey introduced the Affordable Homes Act (AHA), a historic bond bill focused on providing resources for the preservation and creation of housing. NAIOP Massachusetts was engaged from the beginning, briefing the administration on the industry's housing and economic development priorities.

As AHA moved through the legislative process, NAIOP Massachusetts deepened its relationships with key policymakers, including Rep. **James Arciero**, House chair of the state Legislature's Joint Committee on Housing. Arciero conducted listening sessions across the commonwealth and met with stakeholders from all backgrounds as priorities were heard before his committee. As part of these discussions, NAIOP Massachusetts served as a resource on the topic of conversions, emphasizing that the cost was significantly higher than the expense of ground-up construction. NAIOP Massachusetts also shared proposed federal legislation supported by NAIOP Corporate, the Revitalizing Downtowns and Main Streets Act. At the time, the federal legislation demonstrated bipartisan recognition — at a national level — that tax credits could jump-start production on these challenging projects.

Prior to the Joint Committee on Housing releasing its language for AHA, Arciero reached out to NAIOP Massachusetts and asked how the Legislature could make a tax credit work for conversion projects. The chapter provided feedback on other tax credits that have worked to stimulate the production of market-rate housing in the commonwealth, including the Brownfields Tax Credit and the Housing Development Incentive Program.

It's no surprise that conversations about commercial-to-housing conversions have increased. While the concept is not new, both the public and private sectors have shown greater interest in encouraging these projects.

NAIOP Massachusetts' top priority was ensuring that the tax credit could make a meaningful difference. After discussing thresholds and challenges with chapter members who were tackling conversions across the state, NAIOP Massachusetts suggested state-specific changes to the legislation being proposed at the federal level. The chapter successfully advocated for the final state language to allow a tax credit of up to 10% on the total construction cost

Office of the Governor of Massachusetts

Gov. Maura Healey's signing of the $5.16 billion Affordable Homes Act was cause for celebration for NAIOP Massachusetts.

of individual projects (excluding land purchase) and to be available to projects including a minimum of 80% market-rate development. The Massachusetts House of Representatives formally adopted the language into its version of AHA. In addition, a new $50 million Momentum Fund was created to support the development of workforce housing.

NAIOP Massachusetts also met with key members of the state's Senate leadership to advocate for the tax credit and the Momentum Fund's inclusion in a final bill, as well as for the addition of language addressing frivolous appeals. The language increased the maximum bond that a court may require in appeals of certain approvals; clarified that no finding of bad faith or malice of a plaintiff is required for the court to mandate the posting of a bond; and allowed the court to award reasonable attorneys fees if the court finds that the appellant acted in bad faith or malice in making the appeal.

NAIOP Massachusetts understood that coalition activation was critical to advancing its priorities. Throughout the legislative session, the chapter worked with business groups and advocacy organizations to ensure aligned messaging and support for key initiatives.

Pursuing Partnership

On Aug. 6, 2024, NAIOP Massachusetts was thrilled to learn that every priority was included in the final legislation and signed into law as

> The chapter successfully advocated for the final state language to allow a tax credit of up to 10% on the total construction cost of individual projects (excluding land purchase) and to be available to projects including a minimum of 80% market-rate development.

The Affordable Homes Act includes a tax credit to help developers in Massachusetts convert underutilized commercial real estate into housing.

part of the historic $5.16 billion bill. Additionally, NAIOP Massachusetts was successful in blocking the advancement proposals seeking to implement transfer taxes, right of first refusal and rent-control policies by using real-world data showing the negative impact these policies have on production and investment.

"NAIOP is grateful to the Healey-Driscoll administration and the Legislature for their commitment to advancing bold legislation to meet the needs of residents across Massachusetts," said NAIOP Massachusetts CEO **Tamara Small** in applauding AHA's passage. "This legislation is an important step for the commonwealth and sets us on the right path to tackle our 200,000-unit shortfall."

In a newsletter update to his district, Arciero wrote, "One particular policy I'm proud to have helped implement into this historic bill is a conversion tax credit that would help developers convert underutilized commercial real estate into mixed-used housing. This is a forward-thinking, effective policy."

NAIOP Massachusetts believes bold action and partnership between the public and private sectors and the state and local governments are critical to meeting the needs of the commonwealth's businesses and residents. NAIOP Massachusetts encourages all NAIOP chapters to proactively develop relationships with policymakers, providing data-driven and technical feedback both to advance policies that promote growth and to fight harmful proposals. Working with business and advocacy groups as appropriate, chapters can leverage their members' expertise to position NAIOP as the leader on issues facing commercial real estate in the market. The advocacy work of NAIOP Massachusetts is frequently cited as the most important reason to become a member, and the organization is always willing to serve as a resource for other NAIOP chapters as they face similar issues within their own markets.

NAIOP Massachusetts stands ready to work with policymakers at all levels of government and continues to act as a resource for the Healey administration on the implementation of AHA and myriad other policy priorities impacting housing and economic development. ■

Anastasia Daou is vice president of policy and public affairs at NAIOP Massachusetts.

Alex Potemkin via E+

NAIOP THANKS OUR SPONSORS

Presenting Sponsors

LINK
NEWMARK
PROLOGIS

Premier Sponsors

AFFINIUS CAPITAL
CoStar
LoopNet
Ten-X
Kimley»Horn Expect More. Experience Better.
MAJESTIC REALTY
Marcus & Millichap
WIPFLI

Platinum Sponsors
CBRE
CenterPoint Properties
JLL
RE/MAX Commercial
Rockefeller Group

Gold Sponsors
Bohler
BRE Global Ltd
Colliers
Granite Properties
Hudson Pacific Properties
Johns Manville
Lee & Associates
Morguard
Oxford Properties
Panattoni Development Company
Transwestern
Vulcan Real Estate

Silver Sponsors
Ares Management LLC
Clarion Partners
KSS Architects
Powers Brown Architecture
Tratt Properties
Ware Malcomb
Wonderful Real Estate

Exhibitors
Alveole
Green Building Initiative
Protos Security
Raise the Roof Logistics
Walker Consultants
Yardi Systems
CREtech

Supporting Sponsor
Specialty Consultants

Media Partner
RenX

*sponsor list as of 7/14/2025

Reach leaders by partnering with NAIOP.
Contact Christopher Ware at ware@naiop.org or 800-666-6780, ext. 127, to create your customized sponsorship package.

NAIOP
COMMERCIAL REAL ESTATE DEVELOPMENT ASSOCIATION

A Return to Form?

The NAIOP Market Monitor shows sales in the largest office and industrial markets are picking up steam.

By Shawn Moura, Ph.D.

The 2025 NAIOP Market Monitor reveals that transaction volume in the largest 102 office and industrial markets in the U.S. has grown rapidly over the past year, following two years of contraction. Growth in transaction volume from the first quarter of 2024 to the first quarter of 2025 was concentrated in the largest 51 markets for each property type. That is a reversal from the post-2019 trend, in which smaller markets (the 52nd to 102nd largest) collectively saw smaller relative declines in office transactions and stronger relative growth in industrial sales (see Tables 1 and 2).

This is the third edition of the NAIOP Market Monitor, which followed NAIOP Research Foundation reports in 2020 and 2021 that examined traditional approaches to ranking and categorizing office and industrial markets. The NAIOP Market Monitor is an alternative that uses a two-dimensional grid to provide insight into relative market size (transaction volume) and volatility (in cap rates and transactions), allowing investors and developers to more easily identify markets that match their investment criteria and risk tolerance. The report is accompanied by a dashboard with interactive maps that allow users to see how the size and volatility of individual office and industrial markets have shifted over the previous year.

Relative transaction volume growth was strongest among the largest 51 office markets over the last year. Investors appear more willing to transact now that office absorption has stabilized, although fire sales of distressed and foreclosed properties may also be playing a role in the rebound. Sales volume in the first quarter among the largest 51 office markets remains more than 50% lower than it was in the same quarter in 2019. Office markets in Southeastern states attracted a growing share of office transaction volume.

Industrial markets also experienced strong volume growth over the last year, and sales were higher than in the first quarter of 2019. However, the report observed that this has been accompanied by significant changes in the relative size and volatility of individual industrial markets, as investors and developers reallocate dollars to growing markets. Increases in volatility were concentrated in the Midwest, with volatility tending to decline in the Southeast and the Pacific and Mountain West. Regional

Table 1 **Aggregate Changes in Transaction Volume Among the Largest 102 Office Markets**

Office	Q1-Over-Q1			
	2023/2022	2024/2023	2025/2024	2025/2019
Largest 51 Markets	-72.6%	-18.9%	49.4%	-56.4%
Second-largest 51 Markets	-62.9%	-2.2%	28.3%	-11.9%
Total Top 102	-71.8%	-17.0%	46.5%	-53.6%

Comparisons are between the largest or second-largest 51 office markets identified for each period. Some markets currently in each group did not meet these criteria in earlier years.

Table 2 **Aggregate Changes in Transaction Volume Among the Largest 102 Industrial Markets**

Industrial	Q1-Over-Q1			
	2023/2022	2024/2023	2025/2024	2025/2019
Largest 51 Markets	-44.8%	-12.0%	39.3%	9.6%
Second-largest 51 Markets	-56.1%	17.9%	32.7%	32.2%
Total Top 102	-46.4%	-8.5%	38.8%	12.4%

Comparisons are between the largest or second-largest 51 industrial markets identified for each period. Some markets currently in each group did not meet these criteria in earlier years.

Industrial markets experienced strong volume growth over the last year, and sales were higher than in the first quarter of 2019. However, the report observed that this has been accompanied by significant changes in the relative size and volatility of individual industrial markets.

shifts in transaction volume were more muted, although several Western markets experienced slower growth compared with the prior year.

The collective outperformance in sales volume growth among the second-largest group of office and industrial markets since 2019 may seem to contradict the long-standing narrative that the largest markets are typically safer options for investors, especially when considering that the shift toward hybrid and remote work particularly impacted sales performance among the largest office markets. However, the report observes that on an individual basis, a smaller market is much more likely to experience a significant relative change in volume due to a single large transaction or portfolio sale. The NAIOP Market Monitor and its accompanying dashboard allow users to more easily identify what individual markets — large and small — experience higher volatility in volume and cap rates, which markets are growing fastest, and those that tend to perform most consistently from year to year.

Access the NAIOP Market Monitor report and dashboard at naiop.org/naiopmarketmonitor. ■

Shawn Moura, Ph.D., is vice president for the NAIOP Research Foundation.

Prepping the Next Generation of Industry Professionals

Real estate academic programs and CRE firms can partner to better prepare students for real-world conditions.

By Spenser Robinson, D.B.A., Dustin Read, Ph.D., J.D., and Mariya Letdin, Ph.D.

skynesher via E+

The real estate industry depends on a steady pipeline of well-prepared professionals. Across the United States, real estate academic programs are evolving to meet that need, building curricula that reflect the complex and changing demands of real estate practice. These programs don't all look the same, but conversations with their academic leaders suggest common priorities are emerging.

For firms looking to recruit talent, shape educational content or stay close to the future of the profession, real estate academic programs offer both opportunity and insight. They are not just sources of entry-level hires; they are important partners in preparing the next generation of professionals.

Multiple Academic Homes, Shared Industry Goals

One of the distinctive features of real estate education in the U.S. is its interdisciplinary structure. Programs can be found in business schools, where the focus often leans heavily toward finance, investment and market dynamics. Others are housed in architecture or planning departments, where students engage more deeply with land use, design and the broader built environment.

Each academic home possesses strengths. Business-based programs tend to produce students who are well versed in financial modeling and investment analysis. Architecture and planning program graduates often perform well in spatial reasoning, sustainability and place-making. Despite these different orientations, interviews with program directors reveal significant agreement on what real estate graduates need to succeed: a combination of technical skill, interpersonal effectiveness and exposure to real-world projects.

For practitioners, understanding a program's orientation can help clarify the kind of graduates it produces while also supporting more targeted recruiting and mentoring strategies.

Convergence Around Core Competencies

Regardless of discipline, real estate academic programs have increasingly aligned their curricula with employer expectations. Interviewees from a dozen programs consistently emphasized three shared areas of focus: technical skills, communication/leadership and industry engagement.

Programs are prioritizing technical competencies such as financial modeling, market analysis and investment underwriting. These skills are often taught using leading industry platforms such as CoStar, Green Street and ARGUS. One program director noted that its curriculum ensures students are "proficient in financial modeling and market analysis," a statement echoed by others across disciplines.

At the same time, faculty recognized that technical expertise alone is not enough. Commu-

Interviews with program directors reveal significant agreement on what real estate graduates need to succeed: a combination of technical skill, interpersonal effectiveness and exposure to real-world projects.

nication, negotiation and teamwork were cited as being essential to working across stakeholder groups and managing complex projects. Several programs include role-playing, client presentations and group projects specifically designed to develop these capabilities.

This blend of technical and soft skills reflects the demands of real estate practice and suggests why professionals might find value in engaging with academic partners. Many academic program leaders suggested that the more interaction they could facilitate between professors, students and practitioners, the better the alignment would be between what is taught and what is needed on the job.

Learning by Doing

Experiential learning is now a central feature of most real estate programs. Internships, case competitions, capstone projects and collaborative studios give students the chance to apply classroom knowledge in professional settings. Educators repeatedly cited these experiences as offering some of the most impactful aspects of a real estate education.

Internships are widely seen as essential. They provide students with practical exposure to the industry and allow employers to evaluate potential hires before graduation. Project-based learning also plays a key role, with many programs offering real-world development projects, financial modeling exercises or strategic plans that students complete in consultation with industry partners.

For firms, engaging with students through internships or project sponsorship isn't just a contribution to education — it's a way to identify capable candidates and assess how they perform under real-world conditions. Internships are an investment in potential future employees.

Keeping Curricula Relevant

As real estate evolves, driven by shifts in technology; environmental, social and governance metrics; and tenant demands, academic programs are adjusting their content to keep pace. Faculty rely on advisory boards, alumni conversations and employer feedback to stay current.

Topics like sustainability, data analytics, proptech and risk management are increasingly part of the curriculum. Some programs are incorporating tools such as building information modeling, geographic information systems and even virtual reality into their coursework. These integrations reflect the industry's changing expectations around project evaluation, visualization and investment strategy.

Practitioners have a key role to play in this process. Guest lectures, curriculum feedback and partnership on applied projects help ensure students are learning in ways that reflect actual market conditions. This involvement also creates touchpoints between students and future employers, building familiarity and trust.

What Great Programs Deliver

Interviews revealed that the strongest programs — regardless of their academic setting — focus on producing well-rounded professionals who are technically capable, intellectually curious and prepared to work in collaborative, interdisciplinary settings. These graduates are equipped to model investments, analyze markets and present to clients. Just as importantly, they are ready to listen, lead and adapt.

This convergence on best practices doesn't eliminate the diversity of program structures, but it does create more consistency in graduate preparedness. That consistency benefits firms looking to hire or train real estate students or otherwise partner with academic institutions.

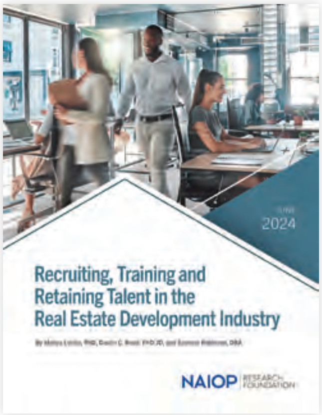
Why Industry Engagement Matters

Industry leaders who stay involved with real estate

Relevant Reading

Real estate firms of all kinds rely on their employees to grow and thrive. The importance of talent is even more pronounced in the commercial real estate development industry, where employees' abilities and personal judgment make the difference between successful projects, those that fail to meet investor expectations and those that never make it off the drawing board. A commercial real estate firm's ability to recruit, train and retain talent is therefore a critical source of competitive advantage.

The NAIOP Research Foundation commissioned the June 2024 report "Recruiting, Training and Retaining Talent in the Real Estate Development Industry" to examine best practices for commercial real estate development firms. The study by **Mariya Letdin**, **Dustin Read** and **Spenser Robinson** draws on interviews and focus groups with developers, interviews with executive recruiters, and a survey of NAIOP members.



Access the report at naiop.org/talent.

academic programs help shape the future of the profession. Whether through mentoring, guest speaking, hosting interns or serving on advisory boards, professional involvement supports students while also giving firms early access to rising talent.

Several faculty members emphasized that regular input from the industry helps them update content quickly and accurately. In turn, this responsiveness helps firms hire graduates who are already familiar with key tools, concepts and expectations.

Even informal conversations between employers and faculty can lead to meaningful curriculum improvements. The closer the dialogue, the stronger the alignment between what students learn and what firms need.

Partners in Developing the Industry's Future

Real estate academic programs are not static — they are active ecosystems that reflect, respond to and help shape the real estate industry. They offer more than just a source of junior talent. They are partners in building the workforce on which the industry depends.

For professionals, staying engaged with these programs is a practical investment. It supports better hiring outcomes, stronger professional development, and a more prepared and adaptable workforce. Whether through internships, guest speaking or advisory roles, the return on that engagement can be substantial — for students and employers alike. ■

Spenser Robinson, D.B.A., is the Campbell Endowed Professor, chair of the Entrepreneurship Department, and director of real estate in the Finance and Law Department at Central Michigan University. **Dustin Read**, Ph.D., J.D., heads the Blackwood Department of Real Estate in the Pamplin College of Business at Virginia Tech. **Mariya Letdin**, Ph.D., is an associate professor of real estate at Florida State University's College of Business.

This article is based on interviews conducted for the NAIOP Research Foundation report "Recruiting, Training and Retaining Talent in the Real Estate Development Industry." It also borrows from the authors' scholarly work, "Similarities, Differences and Best Practices Across Real Estate Education Programs in the United States," published in the Journal of Real Estate Practice and Education (Volume 27, Issue 1, 2025).

I.CON
NAIOP INDUSTRIAL CONFERENCE

CENTRAL

NOVEMBER 3-4, 2025 | COLUMBUS, OHIO

NAIOP THANKS OUR SPONSORS

Presenting Sponsors

FCL
LINK
NEWMARK
PROLOGIS
ROCKEFELLER GROUP

Premier Sponsors

AFFINIUS CAPITAL
alston CONSTRUCTION
AMBROSE
ARCO DESIGN/BUILD NE
Colliers
CRAWFORD HOYING
CUSHMAN & WAKEFIELD
VORYS

Platinum Sponsors
Brookfield Properties
CenterPoint Properties
JLL
Panattoni Development Company
Premier Design + Build Group
VanTrust Real Estate

Gold Sponsors
Affinity-Indianapolis
Bohler
Cerris Builders
CESO
Clarion Partners
Core5 Industrial Partners
Global Roofing Group
Graycor Construction Company
GROW LIcking
Hemmer Construction Company
Johns Manville
Marcus & Millichap
Menard USA
MG2
Pivot Energy
Summit Real Estate Group
The Kleingers Group
Trammell Crow Company
Wipfli LLP

Silver Sponsors
Amazon
American Structurepoint
Axis Communications
Concrete Fiber Solutions (Proslab)
CBRE
CoStar Group
Dodge Construction Network
Duffy & Duffy Cost Segregation
Exxcel Project Management
Lightbox
Miller Valentine Construction
National Ready Mixed Concrete Association (Pave Ahead)
Northwest Bank
Powers Brown Architecture
Raise the Roof Logistics
Red Architecture
RMP Global, Inc.
RoofConnect
Seaman Corporation (FiberTite)
Terracon Consultants, Inc.
Transwestern
Twintec USA Kalman
Versico Roofing Systems
Ware Malcomb
Wild Goose Chase, Inc.
Wonderful Real Estate

Supporting Sponsor
Specialty Consultants

*sponsor list as of 7/14/2025

Reach industrial leaders by partnering with NAIOP. Contact Christopher Ware at ware@naiop.org or 800-666-6780, ext. 127, to create your customized sponsorship package.

NAIOP
COMMERCIAL REAL ESTATE DEVELOPMENT ASSOCIATION

NAIOP Resources

ASSOCIATION PROGRAMS AND SERVICES

NAIOP represents commercial real estate developers, owners and investors of office, industrial, retail, mixed-use and multifamily properties. It provides strong advocacy, education and business opportunities, and connects its members through a powerful North American network. For more information, visit naiop.org.

Programs and Services

NAIOP Membership For membership, information or changes to your membership record, contact membership@naiop.org.

Chapter Network NAIOP chapters provide local and regional education, networking and legislative affairs.

naiop.org NAIOP's central resource for industry and association news, programs, advocacy efforts and connections.

National Forums Special-interest groups that comprise senior-level NAIOP members in a non-competitive environment for exclusive networking and experience exchange.

Center for Education The principal learning resource for the commercial real estate development professional. Offerings include online, on-demand and live courses, plus two certificate programs.

Development Magazine Current and past issues are available online and are mobile-responsive for those who want to read Development magazine on-the-go.

NAIOP Research Foundation Research projects and initiatives to improve the understanding of the built environment and the challenges that lie ahead for individuals and organizations engaged in real estate development, investment and operations.

Career Center Online resource designed to help employers and job seekers find new commercial real estate job opportunities.

Business Development Industry Partners Enhance your company's presence as an industry partner by sponsoring, exhibiting or advertising.

Government Affairs Strong, effective support and guidance to create, protect and enhance development and property values. NAIOP's government affairs team is active on Capitol Hill, in state legislatures and in Canadian provinces.

Market Share Blog Insights on trends, CRE-related topics and professional development tips. Subscribe to weekly posts, interviews and news at blog.naiop.org.

Ask Jack! AI librarian-on-demand to answer your questions on commercial real estate and NAIOP: naiop.org/askjack. ■

People and Companies

INDEX

** This is a listing of NAIOP members who are mentioned in this issue, as well as paid advertisers, which appear in bold.*

2025 Industry Partners

NAIOP wishes to thank our Industry Partners, whose financial support helps us to provide quality programs and communications to you throughout the year. We encourage you as a NAIOP member to include these partners, wherever possible, when you are considering services and products for your business.

Premier Industry Partners

Affinius Capital, Cushman & Wakefield, Majestic Realty, Panattoni, Alston Construction, CBRE, JLL, Marcus & Millichap, Menard, ProLogis, CenterPoint, FCL, Link, Newmark, Rockefeller Group

Platinum Industry Partners

Colliers, Global Roofing Group, Johns Manville, Northeast Precast

Gold Industry Partners

Ambrose, Ares, Bohler, Wonderful Real Estate, CoStar Group

Silver Industry Partners

Brookfield Properties, IDI Logistics, Kimley-Horn, Powers Brown Architecture

Bronze Industry Partners

All Weather Insulated Panels, Lee & Associates, Clarion Partners, ProSlab by CFS, Lightbox, Mapletree, Greek Development, Pave Ahead, Green Building Initiative, Graycor, Transwestern

Chairman's Circle

A&E Construction Co., BLP, CT, MG2, LiUNA!, ABCO Systems, Conewago, Raise the Roof Logistics, Pivot Energy, Eastdil Secured, Realterm, Uprite Construction, Amazon, Griffco Design/Build Inc, RE/MAX Commercial, TwinTec, Kalman, ARCO Design/Build NE, KSS, The Conlan Company, Vorys, March Associates Construction, Inc., BL Companies, Stewart, Logistics Property Co, Walker Consultants, Ware Malcomb, CRG, Matan, Trammell Crow Company, Wipfli

An Association and an Industry That Inspire Excellence

A true highlight of serving as your NAIOP chair for 2025 is visiting our chapter network across North America. I am extremely grateful to each chapter that has hosted me for their warm welcome and for sharing their priorities, successes and opportunities with me.

Visting our chapters renews my already deep appreciation for the incredible volunteer leaders and staff we have throughout our association. I've seen our chapters engaged in the detail of public policy and advocacy; mentoring and inspiring university students and new industry members; and sharing ideas and best practices together as professional colleagues.

This is the heartbeat of who we are as an association.

I chose "One NAIOP" as a theme for the year. A pillar of this theme is that we have much that unites us. This goes far beyond common pressures such as hosting dynamic events, engaging prospective and existing members, and addressing misconceptions about our industry.

I am inspired by the passion our chapters, staff and members show for achieving excellence. Well-executed commercial real estate projects have a tremendous impact on the communities in which we live and work. From coast to coast, I've witnessed our members leading and executing on projects that are best in class. More than once, I've instinctively taken my phone out to capture a few images.

Our strategic plan includes a priority to improve the public perception of our industry. These projects — and their substantial influence on job generation and economic growth in their communities — are the best evidence of what the commercial real estate industry truly represents.

On a less upbeat note, a universal topic in my chapter visits is the pressure we are facing due to economic stressors and ever-shifting public policy. An enduring reality of our business is the need to navigate constant change. Here again, working together as a unified association benefits us greatly, particularly when we can proactively address challenges and respond strategically to the unexpected.

Recently, I asked NAIOP Massachusetts to share its expertise and knowledge in government affairs (see page 100), first with our executive committee and subsequently with our Canadian task force. Such idea sharing allows us to exchange best practices and knowledge; it also strengthens our industry by highlighting our reach. I always emphasize to policymakers on both sides of the U.S.-Canada border that the ownership and development of commercial real estate contributed $2.5 trillion (with a T!) to the U.S. economy in 2024. Furthermore, the Canadian edition of the Economic Impacts of Commercial Real Estate report, released in August, reported that the sector's construction spending and ongoing operations generated $342.3 billion of economic activity in Canada in 2024.

Periods of great change can be the springboard for growing our skills, renewing our focus and connecting with our passions. I've had the opportunity to see our chapters engage top talent through university programs, mentoring programs and other opportunities for young professionals. Our Developing Leaders regularly demonstrate they are not only future leaders — they are actively leading today. Awards events in numerous chapters showcase not only great projects but great people. In one example of many, I remember an awardee being described as proof that someone can be exceptional at deal-making and highly successful yet still remain, above all, a great person.

I'm looking forward to visiting with many more of you as we round out the year. Whether at our conferences or during my chapter visits, please make time to say hello and share your thoughts with me. Each of us on the executive committee has made a commitment this year to be the most available members of NAIOP; we are eager to hear your ideas and recommendations.

That brings me to one final observation from my chapter visits: I'm constantly amazed at what is possible when our members recognize what can be done and commit to being part of the solution. Let's move our industry forward together! ■

Alex Thomson

Alex Thomson, Founder, Prevail Consultants
2025 NAIOP Chair

Wonderful industral park™

5104 EXPRESS AVENUE, SHAFTER, CA 93263

FOR LEASE / ±1,087,000 Sq. Ft.

AVAILABLE NOW

4,000+ AMPS IN PLACE / ABUNDANT LABOR FORCE / COMPETITIVE DRAYAGE TO LA PORTS

For more information, please contact:

Phil Lombardo
+1 909 942 4678
phil.lombardo@cushwake.com
Lic. #00892477

Andrew Starnes
+1 909 942 4667
andrew.starnes@cushwake.com
Lic. #01799801

Cruise Adams
+1 909-942 4641
cruise.adams@cushwake.com
Lic. #02075368

CUSHMAN & WAKEFIELD
Wonderful real estate DEVELOPMENT™

Cushman & Wakefield of California | 901 Via Piemonte, Suite 200 | Ontario, CA 91764 | cushmanwakefield.com

BUILT PODCAST

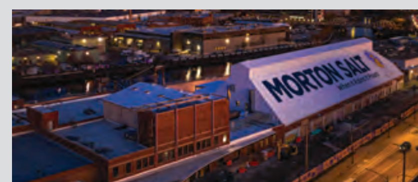
PRX

UNLOCK CRE INNOVATIONS

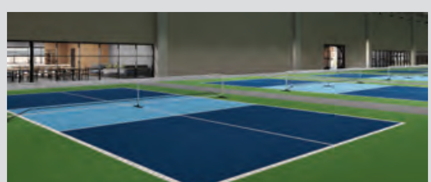
CAMBRIDGE CROSSING S6E5

LITTLE ISLAND S6E3

HIGHMARK STADIUM S5E7



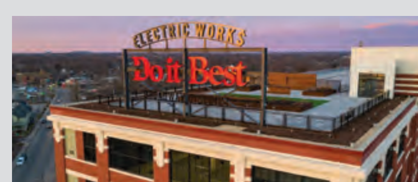
SALT SHED S5E6



RHYTHM AND RALLY S5E3

MERCEDES-BENZ STADIUM S5E2

LANDMARK THEATRE S5E1



ELECTRIC WORKS S4E6

WHEELER DISTRICT S4E3

IQHQ RaDD S3E6

30+

EPISODES TO EXPLORE

Dive deep into the strategies shaping tomorrow's skylines. Built Podcast delivers exclusive interviews with the visionary leaders behind the most groundbreaking commercial real estate developments.

NEW EPISODES

Season 7 episodes are coming soon, bringing cutting-edge insights and fresh perspectives.

LISTEN NOW

Scan the code or visit the Built website:

built.fnf.com

CHICAGO TITLE INSURANCE COMPANY
NATIONAL COMMERCIAL SERVICES

Commonwealth
LAND TITLE INSURANCE COMPANY
NATIONAL COMMERCIAL SERVICES

Fidelity National Title
Insurance Company
NATIONAL COMMERCIAL SERVICES