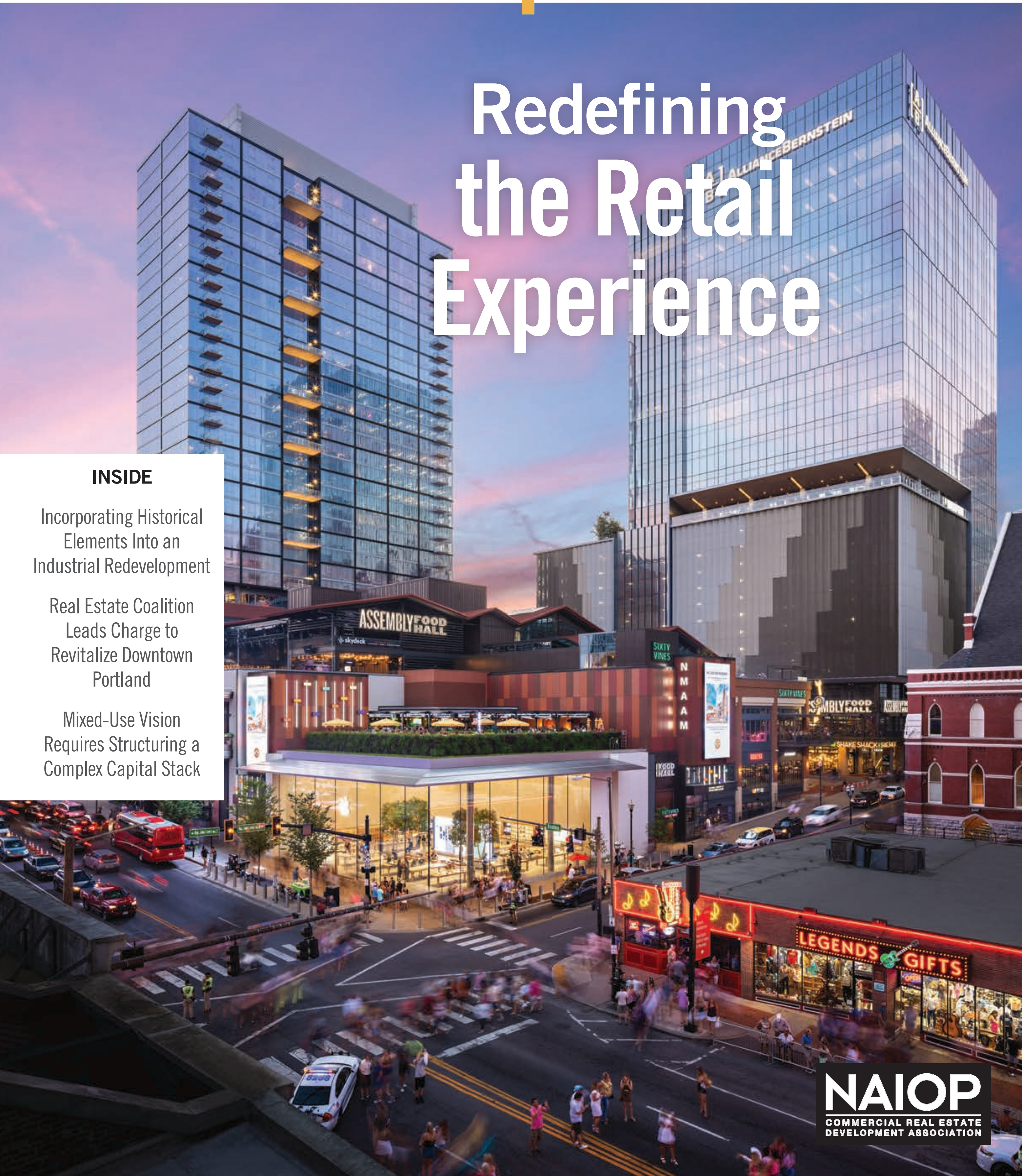
Commercial Real Estate | Ideas / Issues / Trends

Development®

SUMMER 2025



Redefining the Retail Experience

INSIDE

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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.
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Development Contents

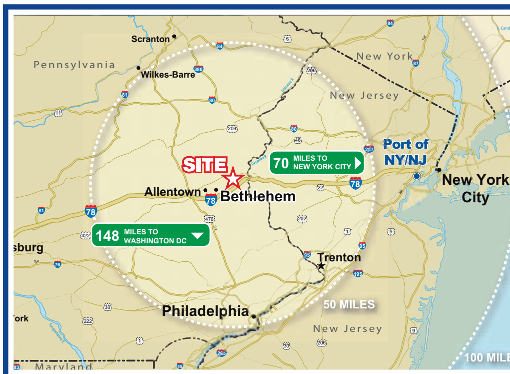
SUMMER 2025 / VOLUME 56 NO. 2

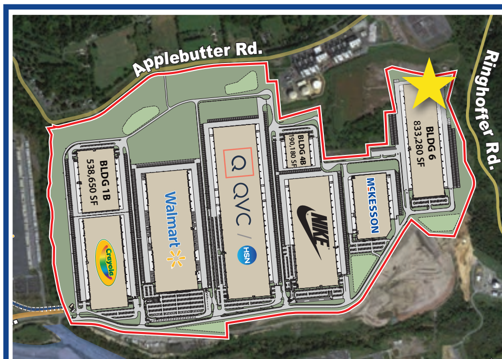
FEATURES

MAJESTIC BETHLEHEM CENTER

FEATURED PROPERTY 833,280 SF (DIVISIBLE)

3905 Commerce Center Blvd., Bethlehem, PA





FOR LEASE

This property boasts an ideal location with direct access to I-78 and close proximity to major metropolitan areas such as New York City and Philadelphia. Positioned within a one-day drive of over 50% of the U.S. population, it offers exceptional logistical advantages. The nearby intermodal facility helps minimize drayage costs, while a large local labor pool and on-site public transportation support workforce accessibility. Additionally, the site benefits from LERTA tax incentives, making it an even more attractive opportunity for businesses.

PROPERTY FEATURES

- 40’ Clear Height
- 203 Dock High Doors
- 192 Auto Parking (Expandable)
- 277 Trailer Parking (Expandable)

CONTACT US NOW

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MAJESTIC REALTY

DRE# 00255328 (CA)

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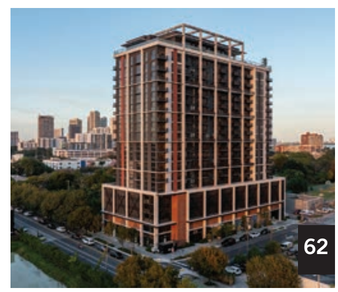

COLUMNS

On the cover: The Fifth + Broadway mixed-use development in Nashville. Zack Benson courtesy of Gensler

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A Note From the Editor

INSIDE AND IN BRIEF

Building the Future: Innovative Projects Redefining CRE

Jennifer LeFurgy

Commercial real estate is evolving, with innovative projects across North America transforming our engagement with the built environment. This issue of Development highlights groundbreaking developments and thought leadership exemplifying creativity and adaptability:

Experiential retail reshapes shopping centers by offering immersive spaces that attract customers beyond traditional transactions. Learn how developers are integrating entertainment, technology and hospitality to create dynamic retail destinations.

In Toronto, The Birmingham honors history while meeting modern logistics needs. This project incorporates a preserved art deco facade from a former soup factory into a high-tech warehouse campus.

Portland, Oregon, is staging a comeback after years of regulatory constraints, affordability issues and controversial policies hampered its growth.

Kansas City's CPKC Stadium marks a milestone in professional women's sports. Read how this state-of-the-art venue sets new standards for soccer-specific stadiums and community-driven design.

We hope these stories inspire you as we navigate the future of commercial real estate together.

Stay Informed,
Jennifer LeFurgy, Ph.D.
Editor-in-Chief

Future NAIOP Events

I.CON East, June 4-5, 2025, Jersey City, New Jersey

CRE.Converge, Sept. 8-10, 2025, Toronto

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

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

Most Popular From Spring 2025

1. **"The Office Market 2025: Turning the Corner"** (naiop.org/25officemarket)
2. **"Challenges and Opportunities in Mission Critical Development"** (naiop.org/25missioncritical)
3. **"Activating a Community to Thrive Beyond the 9-to-5"** (naiop.org/25activating)
4. **"Key Considerations for Manufacturing Facility Site Selection"** (naiop.org/25siteselection)
5. **"The Evolution of Transit-oriented Development in Canada"** (naiop.org/25todcanada)

In Brief

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

Industry Outlook

4.1% The year-over-year increase in commercial real estate sales volume in February, based on data from MSCI Real Assets and reported by JPMorgan. All property sectors saw year-over-year growth in transaction volume, led by retail (up 105%) and office (up 55.2%). Hotels (20.2%), apartments (6.7%) and industrial (0.5%) followed.

Office

$1.2 Billion The amount of office sector distress added during the fourth quarter of 2024, representing a significant decrease from the $3.5 billion average during the prior three quarters, according to Marcus & Millichap's 2025 Office National Investment Forecast. "The current pool of distressed assets consists largely of obsolete older buildings and underperforming Class B properties, which offer near-term opportunities for investors seeking assets at notable discounts to replacement costs."

140.1 Million The total square feet that coworking spaces occupied in the United States at the end of February, marking a 15.2% increase year over year, according to Yardi Matrix. The company's national office report for March also noted that coworking as a percentage of total office space has increased to 2%, up 30 basis points over the past year.

Data Centers

12% The year-over-year percentage that rents increased for colocation data centers in 2024, according to JLL's year-end report on North American data centers. The compound annual growth rate for rents since 2020 is 11%. Colocation vacancy rates reached an all-time low of 2.6% across North America last year.

Industrial

2,504 The number of industrial sales of facilities greater than 10,000 square feet to owner-occupiers in 2024. According to a report from CBRE in March, that represents a 32% increase over 2023. "Sales are increasing because investors are more willing to dispose of certain industrial assets, especially older ones. … Just over half of occupier acquisitions last year were for pre-1980 buildings." The report noted that approximately 21,300 industrial leases are set to expire over the next three years, nearly 60% of which are in facilities built prior to 2000.

Multifamily

27% The percentage that multifamily lending increased in 2024 over the prior year ($312 billion versus $246 billion). This marked the first year of positive momentum in multifamily lending activity since 2021, according to Lument's national multifamily overview for the first quarter of 2025. "Diving into lending activity by capital source for commercial real estate and multifamily assets, the CMBS sector saw the most significant year-over-year origination volume increase at 150%, followed by investor-driven sources (52%)."

Build-to-rent

14 The number of submarkets — out of 194 nationwide — where build-to-rent (BTR) construction is currently concentrated. RealPage reported that out of 78,000 BTR units being built in the United States as of mid-March, approximately a third were located in six Texas submarkets within Dallas, Austin and Fort Worth; five neighborhoods in Phoenix; and in the Southern cities of Tampa, Atlanta and Raleigh-Durham.

REITS

93.3% The occupancy rate of total REIT-owned properties in the four major property classes in the fourth quarter of 2024, based on data from Nareit's quarterly REIT Industry Tracker. As reported by WealthManagement.com, "Retail led (97.0%), followed by apartments (95.7%) and industrial (95.0%). Office was the only sector below 95%, coming in at 86.2%." ■


ONE WAY

Construction Is Growing but Slowing

Uncertainty regarding the impacts of federal policies is affecting most construction segments.

By Ken Simonson, AGC

The U.S. construction industry continued to post gains in output and employment in early 2025, but confusion and uncertainty about the impact of federal policy actions are threatening to darken the outlook.

Construction industry employment expanded by 174,000 jobs or 2.1%, seasonally adjusted, between February 2024 and February 2025. That continued a slowdown that began three years earlier, after annual job growth peaked at 5.1% as the industry emerged from the pandemic-caused recession.

Nevertheless, the industry's head count has consistently outpaced the total nonfarm economy, which posted an increase of 1.2% from February 2024 to February 2025. In particular, nonresidential construction firms — nonresidential building and specialty trade contractors plus heavy and civil engineering construction firms — have added employees at a 2.6% clip, more than double the all-industry rate. Even residential firms — homebuilders and multifamily general contractors plus residential specialty trade contractors — added employees at a 1.5% pace.

Contractors have pulled back on hiring and job openings, suggesting little expectation of new short-term opportunities. But firms are hanging onto existing employees, which implies they expect to have enough work to justify retaining them. Specifically, the hiring rate (hires as a percentage of employment) ticked down from 4.6% in February 2024 to 4.3% in February 2025, while the job openings rate (openings on the last business day of the month divided by the sum of openings and employment) plunged from 5% to 3.1%. Meanwhile, layoffs and discharges as a percentage of employment cooled from 2.4% to 1.7%. (All series are seasonally adjusted.)

More evidence of the "growing but slowing" trend comes from the Census Bureau's monthly data on "value put in place" or spending on projects underway. Year-over-year growth in private construction spending decelerated from 22% in February 2022 to 2% in February 2025. (The data are seasonally adjusted at annual rates but not adjusted for inflation.)

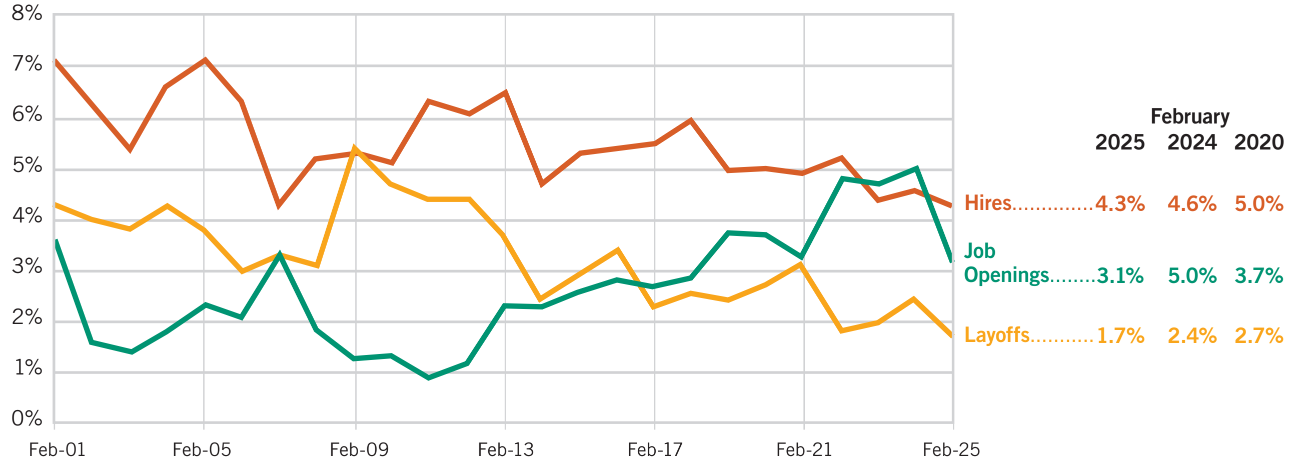
The most notable slowdown among private construction categories was for manufacturing plants. Spending on manufacturing construction leaped 34% from February 2023 to February 2024 but only 5% over the next year. Since peaking in June 2024, spending has actually slipped more than 1%.

Several other private structure types have also slumped in the past year. Spending on medical buildings and other private offices both tumbled 11% from February 2024 to February 2025. Meanwhile, warehouse construction spending dropped by 5% and retail construction by 7%, while lodging construction edged down 0.4%.

Nearly every type of construction faces higher costs and greater uncertainty because of tariffs and fees for U.S. port calls by China-built ships. These

Contractors have pulled back on hires & openings but also layoffs

Job openings, hires and layoff rates, February 2001-February 2025, seasonally adjusted



Source: Bureau of Labor Statistics, www.bls.gov/jlt, Job Openings & Labor Turnover Survey (JOLTS)

The one exception to the slowing and uncertain market is data center construction, which increased for the 20th time in 21 months in February and has grown 39% year over year.

added costs, along with the loss of export markets due to retaliatory measures from foreign governments or boycotts by their citizens, are causing developers, investors and project owners to pause, delay or cancel planned construction.

The reality, threat or rumor of arrests and deportations of immigrants is further adding to costs and uncertainties related to construction projects. While 18% of the U.S. labor force in 2023 was foreign-born, the share among construction trades was nearly twice as high at 34%. In several states, including California, Texas, New Jersey and Maryland, the share was over 50%. And among some building trades, such as plasterers and drywall installers, the share was more than 60%. These workers have been known to leave jobsites upon hearing of potential "raids" conducted by Immigration and Customs Enforcement agents. Replacing these workers is expensive, time-consuming and disruptive to schedules.

The one exception to the slowing and uncertain market is data center construction, which increased for the 20th time in 21 months in February and has grown 39% year over year. So far, there is little indication that data center owners have pulled back on construction projects.

Apart from data centers, most construction segments are likely to hit the pause button until there is greater clarity about Trump administration policies and their impact on costs and supply chains. Whether the pause turns into a slump remains to be seen. ■

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

Tariff Announcements and Dates Affecting Construction

(As of April 23)

10% "baseline" tariff on nearly all imports; additional country-specific "reciprocal" tariffs announced, then suspended for 90 days on April 9

China: 10% Feb. 4; 20% March 4; 54% April 5; 145% April 9; may be scaled back

Canada, Mexico: 25% if not covered by USMCA; 10% on energy, "critical minerals"

Steel and Aluminum: 25%

Copper: Pending investigation by Department of Commerce

Lumber: Possible 25%; possible higher tariffs on Canadian lumber

Cars and Trucks: 25%; also applies to unspecified parts

Fee on Chinese Ships Calling on U.S. Ports: Various rates starting in October and rising through 2028

Source: White House and media reports; courtesy of the Associated General Contractors of America

Creating an Arena-anchored District That Thrives Year-round

Artificial intelligence and augmented reality are becoming integral tools in the planning and design of sports and entertainment districts.

By Wayne Dunkelberger, Baker Barrios Architects

According to the International Council of Shopping Centers, purpose-built sports and entertainment districts (SEDs) have been on the rise since the pandemic. This growth has been fueled by increased consumer enthusiasm for engaging experiences and a municipal focus on rejuvenating underutilized neighborhoods. There is, however, an inherent challenge in planning a stadium-anchored development that can thrive beyond the sports and concert seasons, enhance the surrounding community and pencil out for developers. The solution to that challenge lies in mixed use.

Although the exact mix of live-work-play-stay features varies slightly based on the SED's size and location, certain aspects apply across the board when creating a vibrant hub. This article discusses some of the typical challenges and solutions that developers and designers encounter when working with this type of master plan.

Westcourt, a mixed-use development that surrounds Orlando's Kia Center, is designed to generate consistent foot traffic through inclusion of a smaller live events venue, retail components, green space, a 270-unit apartment building and up to 300,000 square feet of office space.

Courtesy of Baker Barrios Architects

Challenge: Lack of Attraction Outside of Major Venue Events

Sports and concert arenas cannot stand alone. SEDs require dining and retail options, as well as a hospitality component, to meet the needs of visitors and tourists. However, to ensure long-term vitality, project partners must think beyond an "overnight."

Take, for example, Westcourt, a 900,000-square-foot mixed-use development underway in Orlando surrounding the Kia Center, which is home to the NBA's Orlando Magic and serves as one of the city's largest concert venues, seating up to 20,000 people. Baker Barrios Architects, which handled the master plan for the development, understood the need to design elements that would draw a steady population to Westcourt every day of the year.

The developer clients — JMA Ventures, LLC and Machete Group, Inc. — wanted the SED to offer an entertainment element all its own: a 3,500-person-capacity live events venue that is versatile enough to also host galas, banquets, product launches and private events. Baker Barrios also introduced a 270-unit apartment building and up to 300,000 square feet of office space to provide daily foot traffic. Local market conditions dictated what programming elements were included.

With a variety of distinct uses established for Westcourt, it needed one common element

Positioned in the center of Westcourt, the 1.5 acres of flexible green space are surrounded by outdoor dining and configured to accommodate a broad spectrum of events ranging from yoga classes and farmers markets to food festivals and outdoor movies.

New and Noteworthy

35 million sq. ft.

Construction has begun on phase one of **The Switch**, an **advanced manufacturing and logistics campus** planned for **Xebec's Sandow Lakes** megasite outside Rockdale in the **Texas Triangle,** a region featuring the state's five largest cities. The 50-square-mile site, once home to the former Alcoa Industrial Enterprise, will include up to 35 million square feet of industrial capacity when it is ready for occupancy in the third quarter of 2026. It is regarded as the state's only megasite — an industrial park setting outfitted with abundant electrical power, water, rail, natural gas, and access to the interstate.

980,000 sq. ft.

Courtesy of Related Ross

Related Ross recently broke ground on **10 and 15 CityPlace**, two **Class AA commercial office towers** in **West Palm Beach, Florida**. Designed by **Arquitectonica**, 15 CityPlace will total 500,000 square feet across 26 floors, including 20,000 square feet of ground-floor retail and restaurant space. It is 60% preleased, with Cleveland Clinic's 120,000-square-foot outpatient facility set to anchor the building. 10 CityPlace, designed by **KPF**, will include 480,000 square feet across 22 floors. **PB South Construction** will serve as the general contractor. Both office towers are scheduled for completion in 2027.

966,000 sq. ft.

Courtesy of Stantec and Lake Flato

Somers West, guided by urban designer **Peter Calthorpe** of **HDR/Calthorpe**, broke ground on **Braden**, being developed as a complete **10-minute town** in **Sacramento, California**. Phase one, expected to be completed in July 2026, will be anchored by a 163-acre mixed-use town center and include more than 900 dwellings and approximately 966,000 square feet of commercial space. At full buildout, Braden will span 2,667 acres with up to 8,000 residences, 1.3 million square feet of commercial space, 35% dedicated open space, 75 miles of multiuse paths and bike lanes, 48 miles of trails, four schools and six central mobility hubs.

to bring together the residents, tourists, office tenants, shoppers and event attendees. Baker Barrios dubbed this element the “Urban Living Room.” Positioned in the center of Westcourt, the 1.5 acres of flexible green space are surrounded by outdoor dining and configured to accommodate a broad spectrum of events ranging from yoga classes and farmers markets to food festivals and outdoor movies.

Each element added to a mixed-use design increases the potential complications exponentially. The plans for Westcourt now had to integrate large-scale sports/entertainment, smaller-scale entertainment and events, restaurants and retail, hospitality, office and residential — uses not naturally in complete alignment. Baker Barrios turned to several tech tools to identify potential issues and unintended consequences of the design before it entered the initial phase.

Autodesk’s Forma software, which uses AI-powered tools for feasibility studies and concept design, allowed Baker Barrios to study the microclimate created by its building designs. With that understanding, the architecture firm explored ways to mitigate Central Florida’s hot climate, including shaping buildings to direct breezes into the public places and adding shade structures to overly saturated spaces. Additionally, Baker Barrios redesigned the retail facade to enhance the public space and changed its original plan for the location of the residential pool.

Challenge: Development Site Hurdles

Land designated for large stadiums and arenas is often located in areas that were once considered less desirable or that posed challenges for other types of development. In the case of Westcourt, the primary obstacle was the site’s proximity to Interstate 4.

The interstate posed a potential barrier to development for multiple reasons. First, it created a physical divide between the SED and downtown Orlando. The larger issue, however, was the potential noise the highway would generate. This was a significant concern in designing the residential and hotel components of Westcourt.

To gain a deeper understanding of the sound’s true impact on the components at Westcourt, Baker Barrios turned to AI. Using the technology, the firm performed a sound transmission analysis for the entire development, doing so in a fraction of the time and much earlier in the design process than in the past. The findings guided critical decisions related to the location of open public spaces and the addition of an advanced modular exterior building envelope with high-performance glazing on the hotel/residential tower to mitigate noise.

Augmented reality (AR) was another important tool that encouraged on-site collaboration between Baker Barrios and the development team. While virtual reality technology is extraordinarily immersive, it siloes the user and doesn’t allow team members to have the same visual experience simultaneously. With AR, the entire Westcourt team can be on-site virtually and view the exact same modeling on-screen, allowing team members to see changes in context together. This provided the opportunity to examine site issues and apply solutions in person, in real time.

Westcourt Orlando by the Numbers

The expected completion date for Westcourt is late 2027. The 900,000-square-foot mixed-use development directly north of the Kia Center will include:

260 keys: Full-service hotel with 16,000 square feet of indoor meeting and conference space

270 units: High-rise residential located above the hotel

3,500-person capacity: Live events venue

200,000 to 300,000 square feet: Class A office space

125,000 square feet: Retail space

1,140 spaces: On-site parking

Challenge: Community Impact

Located between the Kia Center and Westcourt's development site is Parramore, a historic Black neighborhood within Orlando that had seen decades of disinvestment and dwindling economic prospects. I-4 essentially separates the community from Orlando's vibrant central downtown area and easy access to the jobs it offers. Development of the Westcourt district presented a means of creating new economic opportunities for Parramore's residents.

Baker Barrios conducted a thorough review of how Westcourt could impact the people who live in the neighboring community beyond their engaging with the development itself. With the help of AI software, the firm examined noise, traffic flow, municipal services and potential safety concerns, then made adjustments to minimize negative consequences and ensure Westcourt didn't disproportionately impact the livability of its neighbors. This included adding extra traffic routes to reduce congestion, creating an internal valet station, and positioning the apartment and hotel components closer to the residential neighborhood, while keeping the potential noise and increased traffic from the retail and entertainment areas on the opposite end of the development.

Catalysts for New Opportunities

Mixed-use SEDs, when designed purposefully, can become central anchors that drive development and offer economic opportunities for cities, even beyond the boundaries of the districts themselves. By utilizing technologies such as AI and AR, architects can save themselves months of time upfront and reduce developers' costs in the long run — ensuring that multifaceted SEDs can be financially viable to build. ■

Wayne Dunkelberger is the chief creative officer at Baker Barrios Architects.

New and Noteworthy

825,000 sq. ft.

CapRock Partners broke ground on phase two of **CapRock West 202 Logistics**, a **speculative industrial development** in the **southwest Phoenix** submarket consisting of 825,000 square feet of Class A warehouse space across three buildings. The buildings will measure 301,771 square feet, 295,586 square feet and 227,107 square feet, with clear heights ranging from 32 to 36 feet. Each building will offer four drive-in ramp doors, 45 or 47 dock-high doors, and speculative office suites. At total project completion, the project will consist of 3.4 million square feet of warehouse space on 183 acres, making it the largest speculative industrial development in Phoenix's history.

614 units


DIGSAU

AVE Navy Yard, a $285 million **mixed-use development** comprising 614 apartments and 25,000 square feet of retail across two buildings, is preparing to welcome the first nonmilitary residents in the history of the **Philadelphia Navy Yard** later this year. **Ensemble Investments** and **Mosaic Development Partners** are developing the project in partnership with **Korman Communities**. In April, the U.S. Green Building Council certified a significant portion of the overall Navy Yard redevelopment project, led by Ensemble and Mosaic, as the largest LEED Neighborhood Development in the United States, encompassing 295 acres containing 39 existing buildings and 38 buildings to be developed.

400,000 sq. ft.

Archer Aviation Inc., in partnership with **Stellantis**, recently completed construction of **ARC**, a 400,000-square-foot high-volume **aircraft manufacturing facility** connected to the **Covington Municipal Airport in Georgia**. Archer plans to use ARC to produce its all-electric vertical takeoff and landing aircraft, Midnight, which is designed to offer passengers a sustainable, low-noise and safe alternative to ground transportation in congested cities worldwide. Production was planned to begin earlier this year, with the goal of ramping to a rate of two aircraft per month by the end of the year. Ultimately, Archer and Stellantis aim to scale the facility to produce 650 aircraft annually by 2030.

A Midwest Riverfront Renaissance

The first stadium purpose-built for a women's professional sports team provides the anchor for redevelopment in Kansas City.

By Jon D. Stephens, Port KC

Kansas City's Berkley Riverfront is undergoing an ambitious transformation, shedding its neglected, dumping-ground past to become a mixed-use neighborhood on the edge of a revitalized downtown. Led by Port KC (the Port Authority of Kansas City), the redevelopment is turning the riverfront into a vibrant walkable neighborhood — all against the backdrop of a trail- and tree-lined Missouri River. With significant investments in transit, infrastructure and amenities, the project is creating a new kind of urban space for the region, driving economic growth and drawing attention from developers, investors and community stakeholders.

The Anchor: CPKC Stadium

At the heart of this 55-acre riverfront transformation in Missouri is CPKC Stadium, home of the Kansas City Current of the National Women's Soccer League. The 11,500-seat, $135 million stadium, located along the river shoreline, has made history as the world's first purpose-built stadium for a professional women's sports franchise.

Port KC worked closely with the team and designers to maximize land use while integrating the stadium into the larger mixed-use vision. The result is a LEED Gold-certified facility with just 1,500 temporary parking spaces, prioritizing pedestrian access and public transit. The decision to forgo permanent parking in favor of a multimodal transit strategy initially raised skepticism but has proved effective.

As part of a public-private partnership, the Kansas City Current are working with Palmer Square Capital Management and Marquee Development, plus Port KC, its agency counterpart, to create a pedestrian-friendly, mixed-use district that balances sports, leisure and urban vibrancy. Berkley Riverfront Park features rock climbing, running trails, beach volleyball and a new $7 million beer garden, drawing more than 300,000 visitors annually. A riverfront arts program has provided a diverse array of large-scale murals from local and global artists.

Revitalization Delayed

Attempts to revitalize the riverfront date back to the 1940s, with various concepts — from a baseball district to an office park to a marina — all failing to materialize. Progress began in the 1990s when Port KC oversaw a $17 million site remediation that cleared the former dumping ground and tow lot to create the green space that adjoins the river. Following this, the organization opened a riverboat casino in 1996 and then Berkley Riverfront Park itself in 1999. Altogether, nearly $100 million has been invested in infrastructure for the site, such as adding new parkway lighting and trails, creating the Grand Avenue viaduct, adding a new highway interchange and integrating the site with an extension to the downtown Kansas City streetcar.

However, due to continued environmental factors and lack of access to the site, more pronounced development stalled for nearly two decades. Eventually, through event programming

Courtesy of Port KC

A public-private partnership is turning the Berkley Riverfront into a walkable neighborhood that will be home to more than 5,000 residents.

Nearly $100 million has been invested in infrastructure for the site, such as adding new parkway lighting and trails, creating the Grand Avenue viaduct, adding a new highway interchange and integrating the site with an extension to the downtown Kansas City streetcar.

New and Noteworthy

460 units

Courtesy of MRP Realty

MRP Realty, **Asana Partners** and **Rockefeller Group** announced the first joint venture between their firms and the final close of funding for the 13-story **Brooklyn & Church mixed-use redevelopment** in **Charlotte, North Carolina**. The partnership closed with lenders on construction financing for conversion of Duke Energy's former 800,000-square-foot headquarters building into 460 loft-style apartments and 57,000 square feet of retail, including a new three-story, 30,000-square-foot building. It will mark the first conversion of office to mixed use in Charlotte. A 60-foot walkway will connect the apartments and retail, creating 360-degree pedestrian access.

363,955 sq. ft.

VanTrust, in partnership with **CP Real Estate Capital** and **NAI Highland Commercial**, broke ground on **Falcon Commerce Center**, a two-building **Class A industrial development** totaling 363,955 square feet in **Monument, Colorado**, north of Colorado Springs. The facilities will be designed for industrial, warehouse and distribution purposes. Building A, which spans 249,633 square feet, will be the first cross-dock speculative facility in Colorado Springs. Building B, measuring 114,322 square feet, will feature a rear-load dock. Offering easy access to Interstate 25, the site is adjacent to the U.S. Air Force Academy. This marks VanTrust's first venture in the Colorado market.

335,000 sq. ft.

Crescent Communities, in partnership with **Atapco Properties**, broke ground on **AXIAL Rockville 64**, a two-building **industrial project** totaling 335,000 square feet near **Richmond, Virginia**. Each building offers 32-foot clear heights, 40 dock-high loading doors, 52 outdoor trailer spots, an ESFR fire sprinkler system and ample parking. The development can accommodate one or multiple tenants and a range of uses such as last-mile logistics, distribution, light manufacturing and assembly. The location is within a day's drive of 45% of the U.S. population. The project is expected to deliver in late 2025.


CPKC Stadium is at the heart of Kansas City's 55-acre riverfront transformation.

Courtesy of Port KC

and annual public amenity improvements, Port KC was able to attract private-sector development partners. In 2018, the 410-unit Union Apartments opened at the site. This was followed by the 353-unit luxury apartment complex CORE in 2022, and the boutique Origin Hotel and CPKC Stadium in 2024.

"As a prime location within the Kansas City region, it's amazing to see the Berkley Riverfront fully coming to life," said **Tim Cowden**, president and CEO of the Kansas City Area Development Council. "From the high-energy action we're seeing at the CPKC Stadium to the housing under construction, the unique destination experiences underway will continue to grow Kansas City's economic vitality, shaping our region's appeal to both locals and visitors from around the world."

Multimodal access is a core element of the project. The KC Streetcar Riverfront Extension, set to open before Kansas City serves as one of the host sites for 2026 FIFA World Cup soccer matches, will link the riverfront directly to the city's core. A new pedestrian bridge and a planned vehicular bridge over major rail lines will further enhance connectivity, opening the area to a broader base of residents, workers and visitors.

Economic Impact and Future Growth

The overall Berkley Riverfront redevelopment is ongoing with multiple development partners. The Kansas City Current component is the largest and most transformational element, including total development costs that may exceed $1 billion, with phase one of the work now underway.

The first wave of riverfront redevelopment is expected to generate $310 million in new tax revenue, with $50 million in sales taxes reinvested in public amenities.

The next phase, a $280 million project set for completion in 2026, will add 429 apartments, 48,000 square feet of retail and dining, a new town square and other public spaces. Over the next decade, an additional $600 million in development is anticipated. Once complete, Berkley

A First for Women's Pro Sports

In October 2021, 10 months into co-owning the Kansas City Current, **Angie Long** and **Chris Long** (both of Palmer Square Capital Management), **Brittany Mahomes** and Kansas City Chiefs quarterback **Patrick Mahomes**, along with Port KC, announced plans for a privately funded, soccer-specific stadium at Berkley Riverfront Park. It would be the first soccer stadium purpose-built for a women's professional sports team. The project's total cost came in at $135 million.

Led by an architecture, engineering and construction team based in Kansas City and driven forward almost exclusively by female project leaders, the stadium opened March 16, 2024.

The construction of CPKC Stadium is unique. No seat in the stadium, which holds 11,500 spectators, is farther than 100 feet from the pitch, meaning every seat offers a close-up view of the action. The 394,600-square-foot stadium hosts nine restaurant venues inside and faces the Missouri River with an open-air, U-shaped design. Every Kansas City Current home match has sold out since the stadium opened.

Generator Studio, a Kansas City-based architecture and interior design firm that specializes in sports venues, led the stadium's design, which includes art deco features throughout its two levels. The U.S. Green Building Council awarded the stadium LEED Gold certification in 2024, making it the first stadium in Missouri to achieve that certification. The stadium's design was created to incorporate healthy building principles. Highlights of its environmental performance include a 24% reduction in energy costs compared with a baseline building. In addition, 14% of the stadium's energy consumption is generated from on-site solar panels.

When team members enter the stadium, they see a wall featuring the opening text for Title IX — the landmark civil rights law that prohibits sex-based discrimination in schools that receive federal funding.

According to the project's interior design leader, **Christina Franklin**, principal with Generator Studio, "We knew from the beginning that although [CPKC Stadium was] the first of its kind, it wasn't going to be the last. There was a sense of responsibility and pressure that came with that."

Over the next decade, an additional $600 million in development is anticipated. Once complete, Berkley Riverfront will be home to more than 5,000 residents.

Riverfront will be home to more than 5,000 residents.

To ensure the riverfront remains accessible to a diverse range of residents, 10% of new apartments will be set aside for those earning less than 50% of the area's median income.

Beyond the Property Line

Port KC plans to extend the riverfront's revitalization to neglected levees, access roads and neighboring districts like the West Bottoms and Columbus Park. Long-term plans also include waterborne transportation through a long-envisioned marina, further enhancing connectivity and recreation.

Kansas City's Berkley Riverfront is more than just a redevelopment — it is a new way of urban living that blends commerce with unique office opportunities, small business growth, culture and community.

New and Noteworthy

210,000 sq. ft.

Patsy McEnroe

Seefried Industrial Properties delivered a 65-acre **data center campus** for **Edged**, a sustainable infrastructure provider, in **Aurora, Illinois**. **Ware Malcomb** provided architecture and interior design services for the 210,000-square-foot building, which will offer 96 megawatts of capacity powered by renewable energy. The campus was designed to use significantly less energy than traditional data centers, due in part to waterless cooling technology that ensures operational efficiency. The site also includes on-site solar generation, EV charge points, and alternative fuel-powered backup generators. The building can accommodate colocation of multiple tenants and includes 13,000 square feet of office area. **FCL Construction** provided general contracting services.

256 units

Silver Sky Global Capital broke ground on **Bath + Racquet Residences & Club**, a redevelopment of the former Bath + Racquet Club, which hosted major professional tennis tournaments in **Sarasota, Florida**, into a luxury **condominium and private club community**. The 256 one-, two and three-bedroom condo units will be dispersed across multiple four-story buildings with hurricane-proof construction. Amenities will include 13 outdoor tennis courts, 16 pickleball courts, resort-style and private residential pools, a fitness center and spa. The development will have 60,000 square feet of ground-floor commercial, recreational and office space; 21,700 square feet of additional commercial space; and a 2-acre park.

127,000 sq. ft.

Brinkmann Constructors, in partnership with **Coastal Cold Storage**, recently completed a 127,000-square-foot **industrial cold storage distribution center** in **Foristell, Missouri**. The facility, the first of three planned phases, was completed in nine months, setting the stage for continued expansion. Coastal Cold Storage owns and operates the new facility, located near Interstate 70 in Warren County. The warehouse includes a 55,600-square-foot freezer, a 29,300-square-foot cooler with a 42-foot clear height, a 23,500-square-foot cold dock spanning 70 feet deep, and a total capacity of 16,500 pallet positions. These primary storage areas are complemented by an 8,600-square-foot office and support area. ■

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.

Attempts to revitalize the riverfront date back to the 1940s, but environmental factors and lack of access to the site previously hindered momentum for large-scale development.

Courtesy of Port KC

Overall, the key to this type of urban redevelopment, which can be slow to materialize, is twofold:

- Build adaptable infrastructure that integrates with the larger site but that can also evolve as land use and design density changes over the development's timeline.
- Work with trusted partners, and once momentum is achieved, keep pushing to build and develop on solid timelines.

Developers and investors can look to this project's dynamic public-private model as a framework for future opportunities. ■

Jon D. Stephens is president and CEO of Port KC.

Connecting Sports and CRE

Marquee Development, the co-master developer of the Berkley Riverfront district, was born out of professional sports team ownership as the real estate arm of the Ricketts family office — the majority owners of the Chicago Cubs (Major League Baseball) and Chicago Stars (National Women's Soccer League). The full-service developer now specializes in mixed-use sports and entertainment districts.

"We believe [these] districts should be more than just a match-day gathering place — they should be dynamic destinations that enrich the surrounding neighborhoods with year-round programming and generate lasting value for teams, fans, visitors and communities," said **Eric Nordness**, managing principal at Marquee Development.

Marquee Development previously transformed an underutilized space next to Wrigley Field, home of the Chicago Cubs, into Gallagher Way, a 30,000-square-foot open-air plaza offering year-round events, along with a curated blend of dining, entertainment, a boutique hotel and retail spaces that activate the neighborhood beyond game days.

"The Berkley Riverfront project presents a similar but unique opportunity to shape a waterfront district with a true sense of place, leveraging the site's natural beauty and the KC Current's visionary leadership for women's professional sports," Nordness said. "We're excited to build a neighborhood that blends sports, entertainment and community in a way that feels authentic to Kansas City."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De-risking Retail Leasing and Entitlements Through Online Engagement

Greystar invites community input on retail decisions in a mixed-use development through a dedicated project website.

By Karin Brandt, coUrbanize

Getting the right mix of retail has proved to be no easy task for mixed-use developers in the years since the COVID-19 pandemic. When retail spaces sit vacant months after completion, developers face an unwelcome reality that — as **Ann Ehrhart**, CEO and founder of Everstreet, a Boston-based retail and restaurant brokerage and advisory firm, puts it — "If you build it, they may not come."

In the face of this challenge, Ehrhart and the development teams with which she works are embracing new strategies to generate community support and enthusiasm for retail and mixed-use developments.

In addition to retail, the proposed 20-23 Cummings mixed-use development will include two lab office buildings, a hotel and dedicated public space.

Courtesy of Greystar

Project Background: 20-23 Cummings

In 2023, multifamily real estate firm Greystar began advancing proposals for a 1.25 million-square-foot mixed-use development in the Assembly Square neighborhood of East Somerville, Massachusetts. The currently underutilized site is occupied by a La Quinta hotel and vacant former restaurant and office space.

The Greystar team quickly learned that finding community members to engage with about its proposal — which recently received master plan approval — might pose a challenge. While the site is located within an existing commercial corridor, it is hemmed in by Interstate 93, the Mystic View Parkway and low-rise commercial storefronts.

A Somerville zoning ordinance required that 25% of the overall site, which will also include two lab office buildings and an approximately 200-unit hotel, be dedicated to public space. However, 20-23 Cummings doesn't have any directly adjacent neighbors, so Greystar wondered how it could get community members from farther afield involved in the planning for the ground-floor retail and other public areas.

"We asked ourselves, 'How do we get people engaged who won't be affected day to day by this development but who visit Assembly Square or have an interest in how this project fits into the larger economic context of Somerville?'" said **Ryan Souls**, senior project manager at Greystar.

Testing a Thesis

To answer that question, the Greystar team enlisted Ehrhart, who speculated that engaging directly with communities about retail is the best way to get people excited about mixed-use development. The 20-23 Cummings project seemed like an ideal project to put that thesis to the test.

"One of the things that never really sat well with me in the traditional brokerage world was how merchandising typically excluded the primary stakeholders — which are the people on-site — from the conversation," Ehrhart said. "This is even more important when you're looking at an underutilized site. It's critical to understand what is going to incentivize someone to change their habits and walk an extra block for retail."

By having transparent conversations with stakeholders, Ehrhart theorized, the project team could supplement market data to validate its assumptions while simultaneously building excitement among individuals who might utilize the space.

Community Engagement: Goals and Challenges

To activate those conversations, Greystar reached out to coUrbanize, a community engagement platform that helps development and planning teams engage with people whose opinions are typically overlooked.

The Greystar team knew the Somerville community was highly engaged, civically minded and generally open to providing feedback when made aware of projects. Greystar was also aware the roughly 5,000 office workers in the surrounding buildings would be unlikely to attend public meetings since they typically leave the area after business hours.

"Rather than having directly impacted parties coming to us, we decided to reach out to parties who may have an interest — but not a natural inclination — to participate in the engagement process," Souls said.

Outreach Strategies for Reaching Targeted Groups

The site is a prominent pedestrian cut-through between Assembly Square and the surrounding neighborhoods, so the development team installed a large in-ground sign asking passersby what kinds of local retail and restaurants are missing from the area. Respondents could text their feedback to a local phone number that automatically populated their response to the coUrbanize project website and encouraged them to sign up for email updates.

Project leaders also used their relationship with an existing neighborhood organization, East Somerville Main Streets, to raise awareness about the project website and how community members could influence future retail. Greystar co-sponsored the organization's Foodie Crawl, where it shared information with attendees, conducted live polling and distributed postcards with QR codes that connected people to the website.

As manager of a nearby apartment building, Greystar was also able to activate its existing network of nearby residents with an email linking them directly to the online project forum, where residents could answer questions about their ideas for retail and public space, as well as see neighbors' comments.

"It's critical to understand what is going to incentivize someone to change their habits and walk an extra block for retail."

Ann Ehrhart,
CEO and founder,
Everstreet

The site is hemmed in by Interstate 93, the Mystic View Parkway and low-rise commercial storefronts, but it also serves as a popular pedestrian cut-through to Assembly Square.

The Data: Community Engagement Outcomes

Over the course of five months, the team attracted nearly 1,000 unique visitors to the project website and received 185 responses in the feedback section. Some of these responses validated the development team's previous market data regarding what community members wanted to see in the neighborhood — for example, a day care facility and a casual sit-down restaurant or brewery. Other responses suggested specific local businesses that would be a good fit.

"Hot lead — There is a local, founder-owned business that has several locations in the western suburbs … The Muffin House Cafe," commented one user via the text message sign.

"Any concept with a kids' play space where parents can get coffee or a drink, socialize and loosely supervise would absolutely print money in Somerville. People are constantly talking in the parenting groups about wanting a place like this," wrote another user.

Using AI-generated data reports within the coUrbanize portal, the Greystar team was able to identify the top themes and subthemes pulled from community member comments and demonstrate that the public comment sentiment about the project was 87% positive or neutral.

Generating Excitement for Mixed Use

For Ehrhart, the data confirmed her thesis that delivering amenities that community members want and can use is the most efficient way to generate excitement — and smooth over any potential conflict about height and density — for mixed-use development.

"The project's neighbors may never have a reason to go up into lab space, but they can use the retail every day. That's something that can have a positive impact on their lives," Ehrhart said. "We can dig into what people want and tailor the planning process to delivering that to them, with the understanding that none of those

"Rather than having directly impacted parties coming to us, we decided to reach out to parties who may have an interest — but not a natural inclination — to participate in the engagement process."

Ryan Souls,
senior project manager,
Greystar

Courtesy of Greystar

amenities pencil without the height and density."

Research from the Initiative on Cities at Boston University has shown that the people who attend public meetings tend to be older, wealthier and more opposed to development than the average resident in the neighborhoods they represent. By capturing the opinions of community members who don't typically attend public meetings, development teams can deliver a more representative collection of feedback during the entitlements process.

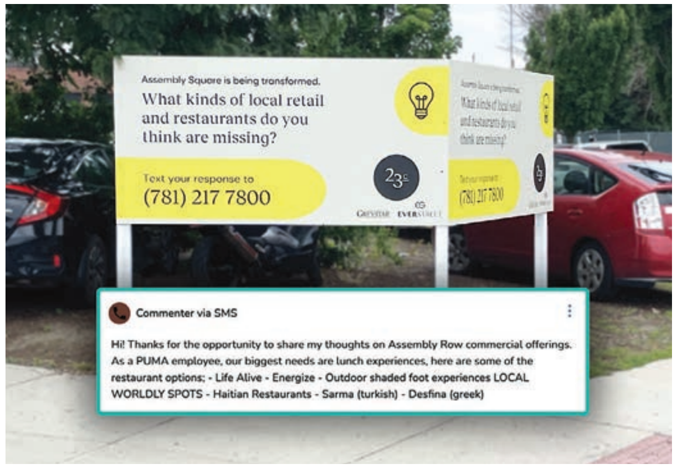
"The feedback has really fed into our initial design planning and how we're looking at retail," said **Erin Corcoran**, senior project analyst at Greystar. "We're excited to be able to share it during our upcoming permit efforts and to incorporate it in the next phase of the design."

The Bottom Line

The forward-thinking strategy has paid off for the 20-23 Cummings team, not only in gathering robust data to de-risk retail leasing on the future site, but also in being able to demonstrate widespread positivity from the community heading into the entitlements process.

"It's critical to understand what your audience wants, and then you can use that information to be able to design, plan and underwrite a site to be successful," Ehrhart said. "It's all about putting your planning time and efforts to good use." ■

Karin Brandt is the founder and CEO of coUrbanize, an online community engagement platform.



A text message sign in a high-traffic area encourages passersby to share their ideas, which populate directly to the project website.

Courtesy of coUrbanize

Revitalizing Third-ring Suburbs Through Mixed Use

A project in Georgia showcases the untapped potential for the redevelopment of aging shopping malls.

By Jesse Shannon, Branch Properties

One of the most significant changes in the real estate industry in recent years has been the extensive redevelopment of struggling malls into mixed-use centers, helping to revitalize these locations as community hubs.

According to a 2023 JLL analysis of 153 U.S. mall redevelopments, 46% were mixed-use projects incorporating at least three uses. Nearly all such mixed-use redevelopments are concentrated in urban cores and first- and second-ring suburbs.

Branch Properties, a private real estate investment and development firm based in Atlanta, believes there is even more opportunity for mall redevelopment in third-ring suburbs, or exurban areas located in the outermost ring of development around metropolitan cities. Recognizing this untapped potential, the firm recently launched plans to redevelop the 55-year-old Lakeshore Mall in Gainesville, Georgia, a rapidly growing third-ring suburb approximately an hour outside of Atlanta.

Branch Properties plans to redevelop a 55-year-old enclosed mall an hour outside of Atlanta into a mixed-use, open-air center with retail, dining and gathering spaces, plus more than 650 multifamily units.

Courtesy of Branch Properties

Mall to Mixed-use Vision

Branch acquired the nearly 500,000-square-foot Lakeshore Mall for $15 million in 2022, recognizing an opportunity to replace an underperforming asset with a mixed-use development that could foster community engagement, drive economic growth and enhance regional appeal. The project's rezoning was unanimously approved this past February, and Branch anticipates breaking ground next year, with an expected delivery in 2028.

Gainesville lacks a modern, walkable destination that blends retail, dining and gathering spaces. To fill this void in the market, the master plan for Lakeshore includes 305,444 square feet of retail space, 652 multifamily units and 38,200 square feet of outdoor green space. Branch also envisions a hotel and townhomes in a future phase. The mall's key anchors, Dick's Sporting Goods and Belk, will stay and become part of the redevelopment, as both stores are top performers and important retailers to the Gainesville community.

Open-air shopping centers are the top-performing retail format, outperforming other property types in terms of foot traffic and sales growth, according to JLL research. Redevelopment projects like Lakeshore are particularly critical in third-ring suburbs and growing outer communities, where residents are eager for accessible and activated places to gather. Developing mixed-use projects in third-ring suburbs often pres-

Open-air shopping centers are the top-performing retail format, outperforming other property types in terms of foot traffic and sales growth, according to JLL research.

ent cost advantages compared to similar developments in first- or second-ring suburbs and urban cores. Land acquisition costs are typically lower in these outer suburbs, reducing initial expenses. Additionally, construction in less densely populated areas may face fewer logistical challenges, potentially lowering building expenses.

Originally built in 1970, Lakeshore Mall is a single-level enclosed shopping center. As part of the redevelopment, the mall will remain open during the planning and design phases. Current tenants were informed of the project when signing their leases, ensuring a smoother transition as Lakeshore evolves into a modern, open-air destination.

Why Gainesville?

Branch's investment in Gainesville reflects broader real estate trends that have long been apparent in first- and second-ring suburbs, where mixed-use developments and retail innovation have reshaped communities. While often overlooked, many third-ring suburbs have the right fundamentals to support real estate with an energized mix of uses and new density. On a macro scale, Branch's redevelopment of Lakeshore Mall comes at a time of rapid suburban growth, driven by shifting work patterns and lifestyle preferences following the pandemic. Between 2020 and 2023, Gainesville's population grew by 11% to more than 47,000 residents, largely due to migration from Atlanta and the appeal of Lake Lanier. This growth was a key factor in Branch's decision to redevelop Lakeshore Mall, knowing that this expanding city needs a true town center. The closest town center currently is The Collection at Forsyth in Cumming, about 25 miles southwest of Gainesville.

Large-scale mixed-use redevelopments have historically been less common in third-ring suburbs due to several key challenges. One factor is the perception of lower demand compared to first- and second-ring suburbs, where dense populations and established retail corridors make investment feel less risky. Infrastructure limitations, zoning restrictions and community resistance have also played a role in slowing the adoption of modern, walkable developments in outer-ring suburbs. However, as demographic shifts, remote work and rising housing costs push more people beyond the urban core, third-ring

A Look Ahead

The Lakeshore redevelopment will include 38,200 square feet of outdoor green space, designed to provide Gainesville's growing population with a true town center for gathering.

Courtesy of Branch Properties

As demographic shifts, remote work and rising housing costs push more people beyond the urban core, third-ring suburbs are becoming increasingly attractive for investment.

suburbs are becoming increasingly attractive for investment, especially in areas like Gainesville, where population growth and consumer demand signal strong potential for success.

Positioned between the major thoroughfares of Interstate 985 and state Route 400, Gainesville also connects metro Atlanta with North Georgia's booming tourism and residential markets. As home to the North Georgia Medical Center, one of the largest medical facilities in the region, Gainesville functions as an important commercial and health care hub. Its proximity to Lake Lanier, which draws about 11.8 million visitors annually, coupled with a growing residential base, further underscores Gainesville's emergence as a prime redevelopment market.

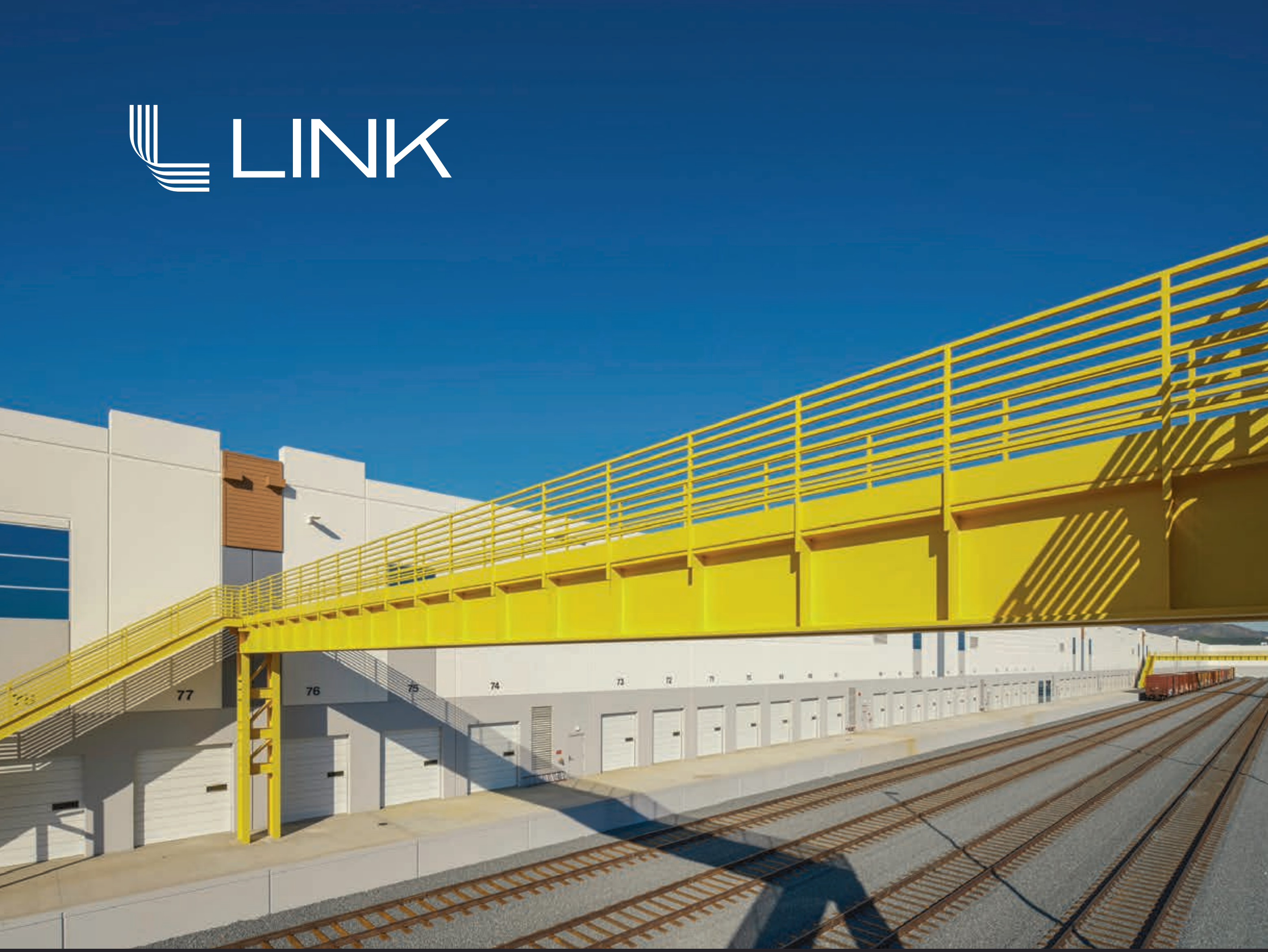
Community Support and Impact

Since purchasing Lakeshore Mall, Branch has worked closely with the city of Gainesville to ensure alignment between private investment and public planning goals. As part of the master plan, the firm actively collaborates with the city on infrastructure improvements, such as several new turn lanes and pedestrian trails to promote accessibility to and from the property, and sustainable development initiatives to support long-term growth.

Lakeshore should bring a substantial economic boost to Gainesville and the broader North Georgia region. Transforming the aging mall into a modern mixed-use hub is expected to create jobs, increase property values and spur additional investment. Branch has witnessed this positive economic growth in the past, most recently through its redevelopment of Bellevue Shopping Center in Nashville, which generated $150 million in economic impact. Well-executed mixed-use projects can trigger a "halo effect," attracting further improvements to nearby properties and enhancing a locality's appeal to new businesses and residents.

Branch views the redevelopment of Lakeshore Mall as a pioneering model for how aging malls in third-ring suburbs can be reimagined into thriving mixed-use destinations. By recognizing Gainesville's potential and long-term growth trajectory; implementing proven mixed-use principles around public space, amenities, walkability and retail; and fostering strong municipal partnerships, the project could become a cornerstone of Gainesville and North Georgia for decades to come. ■

Jesse Shannon is partner and president, chief investment officer at Branch Properties.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Potential Tariff Impacts on Canadian CRE

Thinking through possible ramifications if a long-term trade war ensues between the U.S. and Canada.

By Adam Jacobs, Colliers

Canada is contending with an unprecedented trade war with its largest trading partner, the United States. At the time of this writing, the full scope of tariffs remains unclear and has changed several times already.

This article explores the impact tariffs could have on Canadian commercial real estate (CRE), assuming that they remain part of the nation's new economic reality in 2025. It will address five key areas: the currency, industrial leasing, interest rates, geographic impacts and market uncertainty.

Weakening Canadian Dollar

There was a dramatic reaction to the tariff threats on the Canadian dollar, which reached a 22-year low in early February and then promptly rebounded to more normal levels. The Canadian dollar had already been declining for several months, especially after **Donald Trump**'s election as U.S. president.

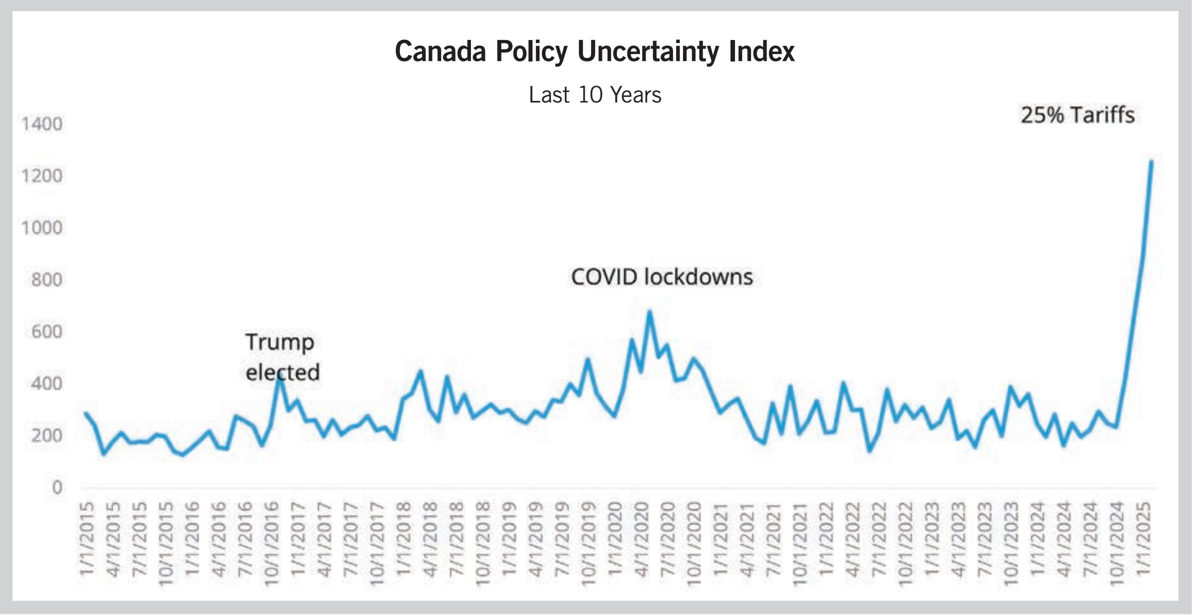
The decline in the Canadian dollar is part of an across-the-board decrease in non-U.S. currencies. Trump's election strengthened the U.S. dollar relative to almost every other world currency. The Canadian dollar was middle of the pack in terms of its relative decline in the immediate election aftermath.

Canadian currency is often driven by energy prices more than other factors, such as interest rate differentials or global "flight to safety" trends. While tariffs may increase the cost of energy, it is unclear whether Canada will benefit given its dependence on U.S. refining and distribution.

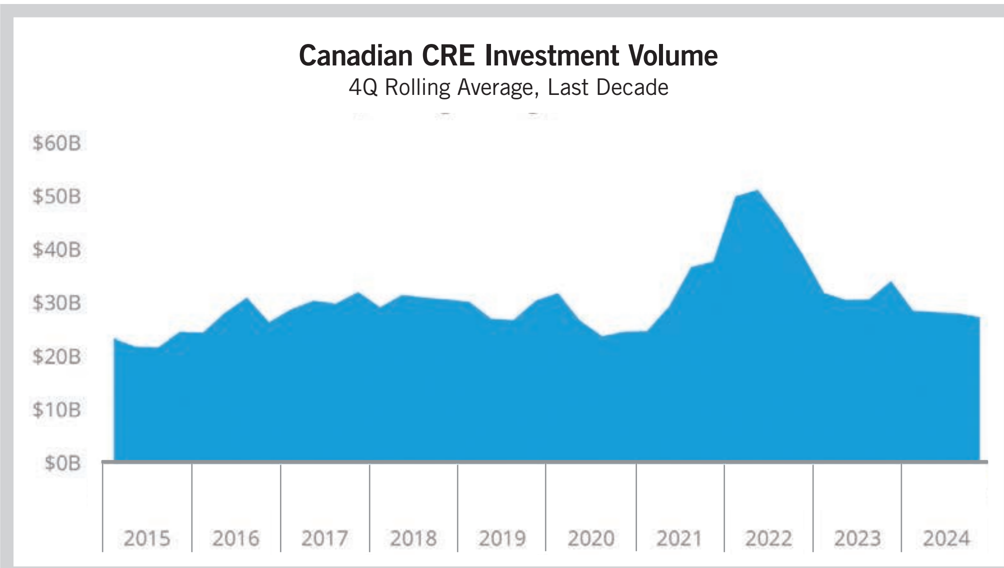
A weak currency is a double-edged sword. On the negative side, it contributes to inflation, as imports cost more and the prices of raw materials and machinery increase. Given Canada's struggles to contain inflation just two years ago, another round of outsized price growth would be very challenging for the real estate market, especially development. On the positive side, a weak currency puts Canadian CRE "on sale" and attracts buyers from Asia and Europe.

Given Canada's struggles to contain inflation just two years ago, another round of outsized price growth would be very challenging for the real estate market, especially development. On the positive side, a weak currency puts Canadian CRE "on sale" and attracts buyers from Asia and Europe.

In addition, the Canadian dollar recently reached year-to-date highs as concerns about the U.S. economy weakened the American dollar. The Trump administration is attempting to overhaul the U.S. economy through measures including



Courtesy of Colliers



Courtesy of Colliers

government austerity, aggressive tariffs and changes to the taxation system. While the Canadian dollar remains around 70 cents U.S. — below the level of last year — it has recovered from the lows of January.

Outsized Impact on Industrial

Most trends of the past decade have greatly benefited the industrial market, including the growth of Amazon in Canada, the adoption of same-day delivery options for groceries, the surge in e-commerce before and during lockdown, and the increasing interest of global investors in Canadian warehouse space.

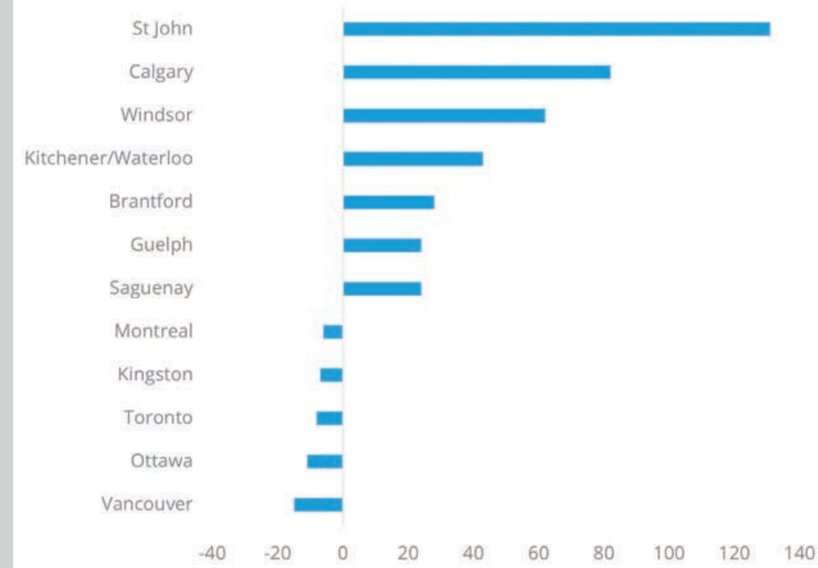
Tariffs would have a significantly negative impact on Canada's industrial market. Tariffs target exports, which are tied to physical output in industries such as agriculture, automotive, chemicals and resources. These industries are large users of industrial space as they need to warehouse products prior to shipping, domestically or internationally.

A Look Ahead

Analysis from RBC Capital Markets states, “We see the potential for more pronounced negative impacts in industrial from supply chain disruptions and risks of material demand erosion for goods produced and distributed by tenants.”

The industrial sector has softened considerably over the past year, as record-high development and economic weakness have slowed the leasing market. While vacancy remains below long-term averages, the national vacancy rate of 3% represents a significant increase from the post-pandemic norm of 1% or below.

The secondary impacts are unclear, however. Trends such as nearshoring and increased domestic manufacturing, food production and infrastructure spending may benefit the warehouse and logistics market.



Vulnerability to US Tariffs, Selected Cities
Canadian Chamber of Commerce “Tariff Exposure Index”

Courtesy of Colliers

Lower Borrowing Costs (or Will They Be Higher?)

Generally, in economic crises, the Bank of Canada has pursued aggressive easing. This has happened twice in the past decade: during the COVID-19 pandemic and in 2015 with the collapse of global oil prices. This time, there is more uncertainty, but lower borrowing costs still seem likely in 2025.

In its rates scenario toward the end of March, BMO Economics predicted that the Bank of Canada would implement four rate cuts starting in June to alleviate the impact of tariffs. BMO reasoned that the central bank would prioritize concerns about a weakening economy and labor market over currency fluctuations, inflation or debt levels. RBC’s analysis concurs, projecting an additional four rate cuts in 2025.

Investment volumes in Canada remain at historically typical levels, roughly equivalent to those of stable, normal markets from 2016 to 2019. Nonetheless, notable rate decreases would benefit the investment market, as they always have.

Some analysts have argued that tariffs and retaliation may increase prices for Canadians on such items as food, materials and cars. The weakening Canadian dollar will put upward pressure on prices for many other goods priced in U.S. dollars. As a result, inflation will rise, and the Bank of Canada will need to raise rates to reduce consumption, encourage savings and discourage further debt. This is a scary thought for CRE investors who thought they suffered through the worst in 2023.

Uneven Geographic Impacts

Canada’s provinces have very different economies. While across-the-board tariffs will impact everyone, certain regions will bear a disproportionately large burden. Canada has a massive resource economy as a world-leading producer in areas including nickel, canola, heavy oil, potash (fertilizer), diamonds, uranium, lumber and gold. Trade in certain minerals and resources is highly diversified. For example, Ontario nickel is exported to the United States, but it is also

Tariffs target exports, which are tied to physical output in industries such as agriculture, automotive, chemicals and resources. These industries are large users of industrial space as they need to warehouse products prior to shipping, domestically or internationally.

High levels of uncertainty tend to derail deals in CRE, as people seek clarity about the near future. The industry experienced this during the COVID-19 pandemic, but very accommodating economic policies mitigated its impact. This time, with tariffs, the issue is not global, and the response remains unclear.

increasingly being used by the steel industries in Japan and South Korea. Other resources, such as oil, are much more tied to the U.S. market.

Per the Canadian Chamber of Commerce Business Data Lab, the most exposed markets to trade with the U.S. are:

Saint John, New Brunswick: Canada's largest refinery is in this coastal city.

Calgary, Alberta: Hub of the Canadian oil industry.

Southwestern Ontario: The auto manufacturing region in central Canada, encompassing cities such as Cambridge, Windsor, Brantford and Guelph. Ontario is home to assembly plants for Ford, Jeep, Chrysler and Chevrolet, as well as parts makers Magna and Linamar.

Saguenay, Quebec: Quebec's uniquely affordable hydro-powered electricity system makes it the center of aluminum production in Canada.

The impact of tariffs will be significantly lower in "knowledge work" areas such as Ottawa, Toronto, and Vancouver, and in the prairies, especially given the easing of tariffs on fertilizer. While tariffs harm the Canadian economy and real estate market overall, their impacts will be felt most significantly in resource- and automotive-centric markets.

Uncertainty Weighs on the Market

High levels of uncertainty tend to derail deals in CRE, as people seek clarity about the near future. The industry experienced this during the COVID-19 pandemic, but very accommodating economic policies mitigated its impact. This time, with tariffs, the issue is not global, and the response remains unclear. The Canada Policy Uncertainty Index is at record highs, surpassing the levels reached during the 2016 Trump election, the war in Ukraine and even the COVID-19 lockdowns.

While COVID-19 was a once-in-a-lifetime event, the policy response was clear after the initial surprise. Governments were going to pursue every possible easing measure: mortgage deferrals, zero percent interest rates, income supports, forgivable business loans and so on. In addition, Canada was hardly alone in its actions; most countries took a similar approach.

What makes the tariff situation unique is that Canada is isolated and the permanence of tariffs is unclear. Is this all a negotiation tactic? Is it about the border, military support for NATO or changes to trade agreements? Is it possible to maintain tariffs on key sectors like oil, fertilizer and automotives, or will it prove too harmful to both sides?

As the Canadian government works out its retaliation tactics — barring American liquor and implementing electricity tariffs, for example — it seems possible both countries will step back from the brink. Uncertainty doesn't persist at this level forever. At some point, there will be clarity on tariffs and relations with the U.S. more generally.

The surprise reelection of Canada's Liberal Party to a fourth term this spring was largely a consequence of the trade war with the U.S. and the resignation of longtime leader **Justin Trudeau**. Newly elected Prime Minister **Mark Carney**, the former head of the Bank of Canada, has promised support for heavily tariffed industries such as automative and agriculture. This may limit the impact on industrial leasing, although U.S. companies looking to avoid tariffs (e.g., General Motors, Ford) may still scale back Canadian operations.

As far as the impact on real estate, the Liberals have emphasized housing reforms, including a dramatic reduction in local development charges, as well as an explicit role for the federal government in homebuilding and affordable housing development.

Having clarity on tariffs should benefit CRE deal-making in Canada. Even the most drastic scenario — 25% tariffs on all exports — will provide greater transparency and allow for movement out of the current limbo.

Enduring the Storm

Tariffs are a frightening thought, especially for trade-dependent economies like Canada's. The trade war seems likely to drag on real estate, as consumer confidence, market sentiment and investment suffer due to the uncertainty and chaos.

However, there may be some unexpected upsides, such as the easing of interest rates by the Bank of Canada and a renewed focus on long-dormant national projects such as high-speed rail, pipelines and other neglected infrastructure. It's even possible there will be winners from the trade war, as domestic retailers, hotels and hospitality benefit from the "buy local" surge. Concerns over inflation, the dollar and the job market are all warranted, but CRE in Canada may be positioned to endure the tariff storm. ■

Adam Jacobs is head of research with Colliers in Canada.

Succession Planning Preserves a Legacy

Snyder Langston's transition to a new executive leadership team followed a 10-year timeline.

By Jessica Spaulding, The Spaulding Agency

In 2023, when **Jason Rich** assumed the role of CEO at Snyder Langston, one of Southern California's top master builders, it marked the culmination of a succession plan years in the making. The carefully crafted strategy ensured a smooth transition for the firm's leadership team, now led by Rich, President and Chief Operating Officer **Lee Watkins**, and Chief Relationship Officer **Jo-E Lopez**.

The journey began a decade prior, as senior leaders **John Rochford**, then-president, and **Stephen Jones**, chairman, faced retirement and initiated a critical discussion about the company's future. Observing the fate of competitors who had failed to prepare for leadership transitions, Rochford and Jones recognized the consequences of neglecting succession planning: diminished legacies, talent attrition and, eventually, a sale or hasty merger of the business.

Determined to avoid such pitfalls, the duo explored options including an employee stock ownership plan, going public or a strategic merger with another entity. Ultimately, they resolved to preserve the legacy established by company founders **Don Snyder** and **Bill Langston** in 1959. They would take a path to ensure the transfer of power would be done with purpose, setting up the new generation for success. As Rochford noted, "Steve and I discussed an internal transfer, like Bill did with us, but determined that we'd have to do it differently."

Since 1959, Snyder Langston has partnered with architects, developers, investors and corporations to build a variety of projects and product types across Southern California, including Sunset Glenoaks Studios, a purpose-built studio in Los Angeles with seven sound stages.

Building a Thoughtful Succession Framework

Key considerations for Rochford and Jones included structuring financial arrangements for the new leaders, accommodating industry changes, and selecting successors who embodied the company's culture. The pair initially engaged external consultants, but their recommendations, which included selling or merging, were limited and didn't align with the vision of maintaining control and independence. Ultimately, Rochford and Jones assumed responsibility for crafting the plan.

Rochford knew the plan had to be deliberate in its structure. A 10-year timeline was established to accommodate Rochford's and Jones' staggered retirements while ensuring the company's financial and operational stability. The plan had to set an exit price for the departing owners while establishing the company's equity needs to continue operations, including bonding. Rochford also looked at future growth, considering recessions and other economic cycles. The decade-long time frame was a logical way to transfer leadership and set up the capital the company needed for the long term.

"When peers would tell me they brought in a CEO and gave them a year to train, I would say, 'Good luck.' How can anyone learn the existing book of business, adapt to an existing culture and develop true followership in one year?"

John Rochford, former president, Snyder Langston

Photos courtesy of Snyder Langston

From left, Lee Watkins, John Rochford, Stephen Jones, Jo-E Lopez and Jason Rich.

"Many organizations don't transition well. However, Steve and John were mindful of mentoring and training, holding us accountable and putting us in positions to test our boundaries and limits."

Jo-E Lopez,
chief relationship officer,
Snyder Langston

"A unique aspect of the construction industry is that it takes a few years to design, develop and build a project," Rochford said. "When peers would tell me they brought in a CEO and gave them a year to train, I would say, 'Good luck.' How can anyone learn the existing book of business, adapt to an existing culture and develop true followership in one year? Chances are they won't. They will do things their own way, spurring internal dissension."

The longer time frame also proved invaluable for navigating unforeseen challenges such as the COVID-19 pandemic.

Selecting Leaders for the Next Era

Choosing the right leaders to carry the firm forward with an understanding of how the industry is changing was a deliberate and thoughtful process. "The era that Steve and I grew up in lacked empathy," Rochford said. "It was a 'no excuses, get back to work' mentality. But that's not today's industry, and we have worked hard to foster a culture within Snyder Langston that best serves our people and clients."

At its inception, Snyder Langston committed to establishing a culture as a "trusted advisor." One of the culture's guiding principles is that the trusted advisor will place a higher value on maintaining and preserving the relationship itself — with clients, architects, subcontractors and public officials — than on the outcomes of the current transaction, financial or otherwise. "It was how Bill Langston did business, and I knew it was what we needed to focus on to carry our legacy forward," Rochford said. That approach to business drove the decision-making regarding who would lead Snyder Langston.

Rich, who joined the firm in 2002, was selected as CEO for his work ethic, his character and his ability to empathize with others. "The culture of Snyder Langston is about creating success for both our employees and the client," Rich said. "Steve and John put the longevity of the company and the client relationship above everything and applied that same principle to our transition."

Recognizing the importance of diverse perspectives and leadership styles, Rochford and Jones appointed Lopez as chief relationship officer. With the firm since 2006, Lopez's role underscores the priority Snyder Langston places on cultivating and preserving relationships. "Steve and John were very purposeful about putting me in the position that they did. Relationships are fundamental to the organization. Having someone responsible for overseeing those relationships is a true testament to what makes Snyder Langston different," Lopez said.

Finally, Jones and Rochford considered the breadth of the firm's service lines. Watkins, who joined in 2013, was named president/COO. With a passion for health care and behavioral health, Watkins is dedicated to fostering operational excellence across teams while offering strategic insights to drive growth in the firm's key sectors.

While Jones and Rochford initially designed the 10-year succession plan to accommodate the financial demands of an internal transfer, it created a beneficial training structure for the trio. "As you grow your career in construction, the things you do to be a good builder are not necessarily the same things that will make you a good business owner," Watkins said. "You don't appreciate all the facets that go into a company when you're out in the field delivering projects. The 10-year vision gave us time to learn the business and develop followership in the company. Plus, when we stepped into our roles, we didn't skip a beat because we'd been shadowing John and Steve for a decade."

"Many organizations don't transition well," Lopez added. "However, Steve and John were mindful of mentoring and training, holding us accountable and putting us in positions to test our boundaries and limits."

Navigating a Leadership Crucible

Under the leadership of Jones and Rochford, Snyder Langston had weathered the storm of the 2008 financial crisis. They decided the COVID-19 pandemic could serve as a crucible of leadership for Rich, testing the soon-to-be CEO's resilience and adaptability.

Rochford told Rich, "You lead the company, and I will watch. If you need help, I'm here. Otherwise, you call the shots."

Rochford knew if Rich was successful, the organization and its clients would see him as the leader, allowing for an even smoother transition.

Rich dealt with everything from a full industry shutdown to construction being singled out as an essential business, all while juggling changing requirements from federal, state and local levels for Snyder Langston's worksites and people. Rochford had Rich make the decisions and communicate those decisions to the company and its clients.

"Did I agree with all the decisions? Maybe not, but that was part of the learning experience," Rochford said. "That is the crucible. You can't simulate or teach navigating Black Swan events like COVID-19, and Jason did a remarkable job."

Added Lopez, "I saw a dramatic change. As a leader, Jason was very methodical and steady, but COVID forced him to make decisions quickly with limited information. That made him a stronger leader."

A Vision for the Future

Rochford retired at the end of 2024, capping Snyder Langston's 10-year succession plan and officially transitioning the company to a new executive leadership team.

"Our responsibility is to build upon the legacy, constantly improving while maintaining the core values that define us," Rich said. "That is my challenge as CEO and as the leader of this generation for Snyder Langston."

Looking ahead, Rich, Lopez and Watkins are prioritizing opportunities for career growth, inspired by their own succession experience. They are already preparing to mentor the next generation of leaders, ensuring Snyder Langston's legacy continues for decades to come. ■

Jessica Spaulding is president of the Spaulding Agency.

Access the NAIOP Research Foundation's May 2025 report, "Succession Planning for Commercial Real Estate Firms," at naiop.org/research-and-publications.

Building Resilience: How Commercial Developers Can Adapt to Climate Risk

Property owners and developers are looking for effective strategies to future-proof their investments.

By Lukky Ahmed, Climate X

Recent large-scale events, such as the Southern California wildfires, continue to highlight the urgency of addressing climate-related disasters in commercial real estate.

As these issues escalate, commercial property owners and developers face increasing challenges in ensuring that buildings remain financially viable. As insurers reevaluate their risk strategies and, in some situations, consider withdrawing from high-exposure markets, adaptation takes on greater importance. The effort to strengthen buildings and infrastructure against climate-related threats will become a primary focus.

The Climate Risk Landscape for Commercial Real Estate

One challenge is that climate-related issues vary widely by region. In Los Angeles, the threat of future wildfires poses issues for insurance and risk, while in Florida, hurricanes, tropical storms and flooding are top concerns.

The key question is not just how to identify risks but how to respond in a way that maintains value for property owners and developers. This can mean accounting for rising insurance premiums, higher operational costs and potential changes to the long-term value of assets. Investing in climate resilience — whether through flood defenses, fire-resistant materials or energy-efficient upgrades — must be carefully weighed against returns.

To navigate this complex landscape, developers are increasingly turning to advanced climate modeling technologies that provide granular insights into potential future climate physical risks including flooding, wildfires and storm surges. This new generation of tools combines climate model data with digital twins — leveraging satellite remote sensing and local environmental agency and buildings information to feed into hazard models that can derive the probability and severity of climate physical risks across different emissions pathways and time horizons.

This data is already being used to help commercial real estate developers make informed decisions about future-proofing their investments. For example, a major developer used climate modeling data to inform its location strategy and integrated resilience measures into the building design. This included installing storm shutters with reinforced aluminum frames to protect windows and glazed areas from wind-borne debris, as well as reducing the proportion of glass on building facades to mitigate pressure imbalances during extreme wind events.

Climate modeling data also helps developers balance upfront adaptation investments with long-term financial sustainability at the portfolio level.

Predevelopment Climate Adaptation Strategies

One of the most effective ways to reduce risk is to incorporate climate adaptation before development begins. Site selection is critical, as developers must assess current and future climate threats to reduce risk as long as possible.

Climate threats are one factor in an equation that also includes financing considerations, time horizons and government-backed resilience initiatives. While planned state and federal infrastructure projects such as flood defenses or wildfire mitigation can help reduce risk, their long-term viability depends on political priorities. Changes in leadership can delay or even cancel these initiatives, making it essential for developers to rely on data-driven assessments of both moderate and

January wildfires in Southern California were responsible for destroying more than 18,000 homes and structures, including commercial properties.

GDMatt66 via iStock Editorial/Getty Images Plus

extreme climate scenarios. By understanding how risks evolve, developers can make more-informed decisions about where to build and how to future-proof return on investment.

For example, in parts of California, prolonged drought and soil shrinkage has led to increased cases of foundations cracking, similar to subsidence issues seen elsewhere. Reinforcing foundations in high-risk areas can mitigate these effects. In hurricane-prone areas like Florida, deeper pilings and impact-resistant glass help structures withstand high winds and sudden pressure shifts.

New York City is implementing large-scale flood defense initiatives. Following the devastation of Superstorm Sandy, the city launched the Brooklyn Bridge-Montgomery Coastal Resilience (BMCR) project, a $300.5 million system designed to protect Lower Manhattan from severe weather events. The project includes nearly 100 electronic flip-up flood gates spanning eight-tenths of a mile along the East River. When completed in 2026, it will be part of a broader 3.25-mile flood protection system shielding over 150,000 residents. These infrastructure investments highlight the scale of adaptation efforts needed in flood-prone urban areas.

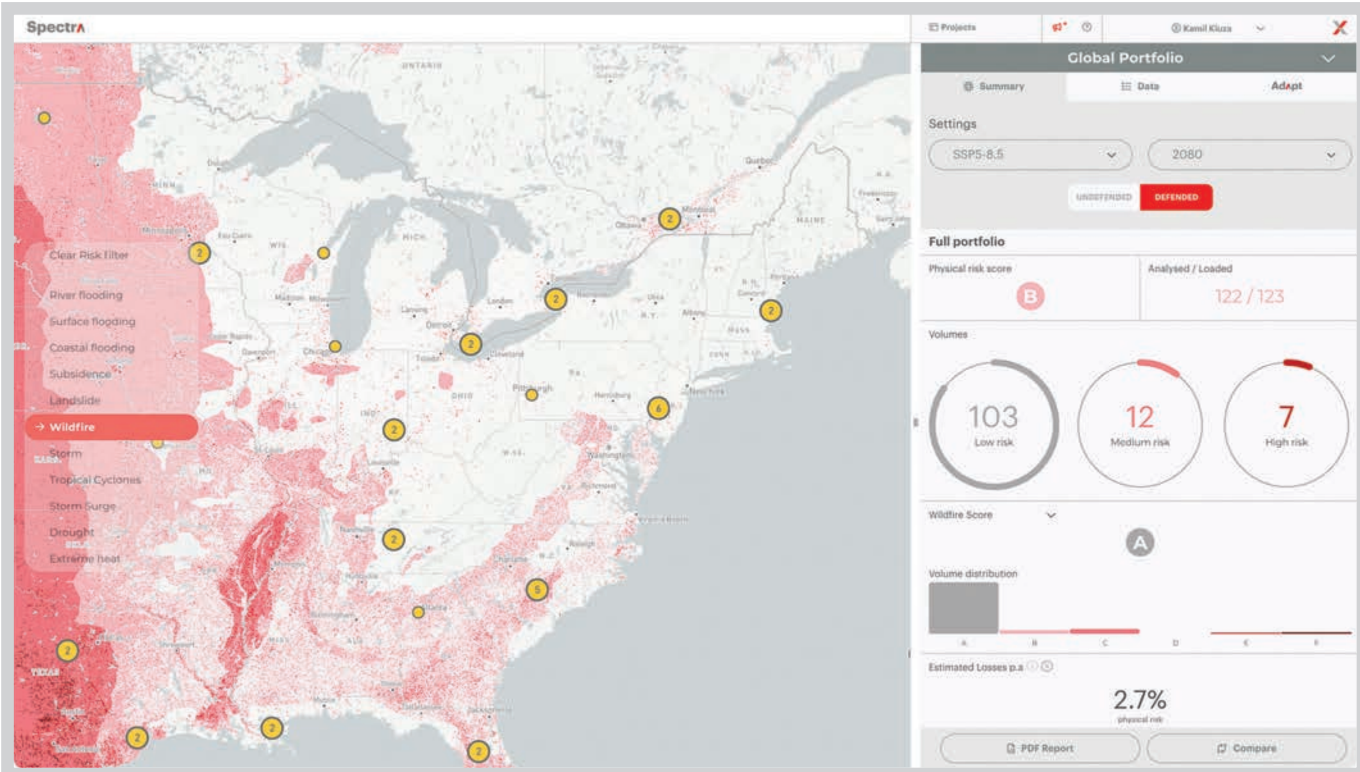
Developers should also consider how buildings will perform under changing climate conditions. For instance, according to the Environmental Protection Agency, cities in the Southwest "have experienced an increase in heat wave frequency, duration, length of heat wave season, and intensity between 1961 and 2023." Many of the region's buildings were not originally designed for extended periods of extreme heat. This has led to increased cooling system failures.

Retrofitting Strategies

Commercial real estate owners don't always have the luxury of incorporating climate adaptation measures from the ground up. Instead, they often need to retrofit existing buildings to withstand evolving risks. Retrofitting strategies can include enhancing structural resilience, upgrading critical systems, and implementing nature-based solutions to mitigate climate stressors.

A key focus in retrofitting is asset hardening, which strengthens buildings against physical climate threats. This includes reinforcing building envelopes with weather-resistant materials, installing flood barriers, and upgrading HVAC systems to manage extreme heat. The BMCR project is a prime example of proactive flood mitigation through infrastructure enhancements. Similarly, fire-resistant retrofits, such as ember-resistant vents and fireproof cladding, are critical in wildfire-prone regions.

Regulating indoor temperatures is another crucial adaptation measure. High-performance insulation, energy-efficient cooling systems and smart temperature control technologies help buildings remain habitable during extreme weather. Green roofs, which provide natural insulation while



Developers are making greater use of advanced climate modeling technologies, such as Climate X's Spectra platform, to gain granular insights into future climate physical risks.

Courtesy of Climate X

reducing stormwater runoff, also play a role in mitigating the effects of extreme heat.

Investing in these hardening strategies enhances long-term property values, reduces insurance premiums and makes buildings more resilient to climate risks. Proactively implementing adaptation measures strengthens climate resilience and makes properties more attractive to investors and tenants who prioritize sustainability.

Working With Insurers

Even as commercial real estate owners retrofit properties and developers increasingly build with adaptation in mind, they must also navigate the evolving insurance landscape. As it stands, catastrophe (CAT) models often fail to account for long-term climate change, making it difficult for insurers to price risk accurately. This has led to soaring premiums or insurers pulling out of high-risk markets altogether. If a property becomes too expensive to insure, it risks becoming a stranded asset, creating financial headaches not just for owners but for investors and banks as well.

Property owners are also exploring alternative risk transfer mechanisms like parametric insurance, which triggers payouts based on predefined conditions such as wind speed or rainfall levels, offering faster claims processing and greater predictability. Others are turning to self-insurance pools, where groups of property owners collectively set aside reserves to cover potential losses. These approaches can reduce reliance on traditional insurers, improve cost control and offer a practical solution for managing climate risks in hard-to-insure markets.

Insurers are also beginning to take a more proactive approach. Some now offer more favorable insurance terms for properties that incorporate resilience measures such as flood barriers, fireproofing and storm-resistant materials. Other insurers are going further, working with property owners to develop adaptation strategies and even advocating for government-backed resilience bonds to protect high-risk areas, such as funding coastal flood defenses.

Banks also play a key role, not only by managing their own exposure to climate risks but by actively supporting adaptation efforts through targeted lending. Financing climate-resilient infrastructure, whether for private developments or public sector projects, helps protect communities, keeps assets insurable and reduces the risk of broader financial fallout.

Embracing Climate Resilience in Commercial Real Estate

The commercial real estate industry is confronting the growing impact of climate change. By leveraging advanced climate modeling technologies and predictive analytics, developers can make informed decisions to future-proof their investments. Being proactive about adaptation, whether by implementing resilient design in new developments or retrofitting existing structures, can deliver strong returns while reducing risk. Collaborating with insurers and banks throughout the process helps ensure that properties remain insurable and financially viable.

Access to granular adaptation data is key to navigating the complexities of climate change successfully. With the right insights, property owners and developers can not only mitigate risks but also capitalize on new opportunities. ■

Lukky Ahmed is CEO and co-founder at Climate X, a climate risk data and analytics provider.

On Leadership: Mark Levy

The president of Altman Logistics Properties, headquartered in Fort Lauderdale, Florida, shares his insights on the importance of people skills, servant leadership and the dynamic logistics industry.

By Ron Derven

Mark Levy

"[That experience] taught me that interpersonal skills and organic problem-solving in the field are the backbone of the business. I took that lesson to heart. My ability to connect with people and build relationships, plus a willingness to seek good mentorship, is vitally important."

Mark Levy, president, Altman Logistics Properties

Development: *You have worked in senior leadership positions at Prologis, Opus and HRP Group. What drew you to a career in logistics real estate?*

Mark Levy: While interning one summer during college, I worked for a prominent attorney, **Bob Fiebach**, at Wolf, Block, Schorr and Solis-Cohen in Philadelphia. I found the work interesting but saw myself as much more business-minded. Bob encouraged me to connect with one of his clients, a large multifamily property owner in Philadelphia.

I reached out, and Philadelphia Management offered me an internship the next summer. My role there was less than glamorous. I was responsible for accounts receivable for a portfolio of residential rental communities with "payment reluctant" tenants. This was 1990, so my job literally was to knock on doors and request overdue rent payments. Many tenants were not thrilled to see me, but that experience was foundational. Many people had real-world life problems, and the essence of the job was to identify solutions where we could get paid, emphasizing a willingness to work with individuals to achieve desired outcomes on a very granular level.

It taught me that interpersonal skills and organic problem-solving in the field are the backbone of the business. I took that lesson to heart. My ability to connect with people and build relationships, plus a willingness to seek good mentorship, is vitally important. We are a people and process business, guided by a mission to deliver the best results for all stakeholders involved.

During this time, I was also an intern at WMMR 93.3's "Morning Zoo" with the legendary **John DeBella**. Morning radio is very much like commercial real estate — constantly changing, ultracompetitive and requiring constant adaptability.

Development: *For those who aren't familiar, please talk about Altman Logistics Properties.*

Levy: We recently rebranded from BBX Logistics Properties to Altman Logistics Properties to better align with the broader brand of the Altman Companies, which has a long history in real estate development. The change reflects our evolution and growing focus on logistics real estate. Altman Logistics Properties specializes in developing and acquiring best-in-class logistics assets in key markets across the Eastern United States. We focus on high-growth, supply-constrained locations where demand for modern logistics facilities is strong and significant barriers to entry exist.

Development: *As the head of Altman Logistics, what does your role entail?*

Levy: My role primarily falls into two key areas. First, I am responsible for the company's strategic vision and managing our capital partner relationships. Second, I focus on building the foundation for long-term success. A major part of my role is mentoring and developing our talent through what I call servant leadership — helping our team members achieve both their professional and personal goals.

Development: *Could you elaborate on what servant leadership means?*

Levy: I follow a set of core principles that guide my approach to leadership. These aren't just abstract ideas — they're values I actively work to implement daily. These include:

- Clear vision: First and foremost, a great leader must have a clear vision and communicate it effectively. People need to know where the company is headed, why it matters and how their roles contribute to that vision.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- Integrity: Trust and honesty are nonnegotiable in leadership. Without them, you can't build strong teams or lasting business relationships.
- Empathy: Strong leaders genuinely care about the well-being of their team — understanding their concerns, recognizing their contributions and supporting their growth. Leadership is about people first.
- Communication: Whether it's setting expectations, providing feedback or rallying the team around a goal, clear and transparent communication is critical.
- Adaptability: The ability to pivot and adjust to changing circumstances is crucial in an industry as dynamic as real estate.
- Decisiveness: Leaders need to make tough calls quickly and confidently, even when they don't have all the facts. Hesitation can lead to missed opportunities.
- Delegation: I emphasize delegation, emotional intelligence, inspiration, accountability and collaboration. A leader's job isn't just to direct — it's to empower their team, foster a culture of ownership and build an environment where people thrive.

Leadership is about serving others and setting them up for success. If my team is growing, achieving their goals and making meaningful contributions, then I know I'm doing my job as a leader.

Development: *What has been your greatest leadership challenge?*

Levy: Developing a strong pipeline of deal flow while simultaneously building a team and a logistics real estate company from the ground up. When I started, it was essentially just me working to establish the business. This was a true startup that had the unusual benefit of a larger organization's infrastructure and support.

Development: *As your company grows, how do you handle conflicts or mistakes when they arise?*

Levy: Conflict and mistakes are inevitable, but how you handle them defines your leadership. I take a structured approach that includes addressing the issue quickly; staying calm and objective; listening to all parties involved; focusing on solutions, not blame; analyzing the root cause; encouraging open communication; offering support and guidance; promoting accountability; implementing necessary changes quickly; and leading by example. Each of these steps plays a role in ensuring that conflicts or mistakes don't derail progress and instead become opportunities for growth, learning and better decision-making.

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

Levy: There are three core qualities. First, intellectual curiosity is critical. Second, empathy and high emotional intelligence are especially important because we operate in a complex business where negotiations often involve intricate agreements and multiple stakeholders. Third, a strong desire to win — but as a team player. Success in this business isn't just about individual achievement; it's about collective success.

Development: *As a logistics developer, are you concerned about the new tariffs being discussed in Washington?*

"Leadership is about serving others and setting them up for success. If my team is growing, achieving their goals and making meaningful contributions, then I know I'm doing my job as a leader."

Mark Levy

Levy: The tariffs present both challenges and opportunities for the logistics sector. Two of our markets — South Florida and New Jersey — are heavily tied to port activity. That means any changes in trade policy directly impact our customers and, by extension, our business. One major concern is the potential increase in transportation and supply chain costs. Tariffs will increase the cost of transporting goods between affected countries, leading to adjustments in global transportation routes as companies redirect shipments through various countries to avoid high tariffs, thereby complicating and making supply chains less predictable.

Another challenge is the uncertainty tariffs create, both in terms of their magnitude and duration. The worst thing we can have in any business climate is a lack of certainty or direction.

That said, there are also opportunities. Tariffs could accelerate nearshoring and supplier diversification, reducing reliance on heavily taxed regions and bringing more manufacturing and distribution operations closer to the U.S. Events often create changes to infrastructure, which at the end is for the better — a lesson learned during the pandemic.

Development: *What do you see as the greatest challenge for Altman Logistics Properties going forward?*

Levy: Beyond the likely short-term challenges posed by tariffs, land constraints in high-demand markets are becoming increasingly pronounced. Infill locations are highly competitive to acquire, making suitable industrial sites increasingly scarce. Additionally, development costs continue to rise due to environmental factors, design requirements and entitlement costs. Another issue is the uncertainty in capital markets. Interest rates, financing conditions and investor sentiment can change rapidly, influencing how projects are funded and the returns that can be achieved. Institutional capital remains strong in logistics real estate, but we must stay disciplined and ensure our projects can perform through market cycles. Finally, shifting tenant demands are transforming logistics real estate. The rise of e-commerce, automation and sustainability requirements means modern warehouses need to be more technologically advanced and energy-efficient.

Development: *What is the best advice you've received in your 25 years in the business?*

Levy: Early in my career, I received five key pieces of advice that I still follow today: Build and nurture relationships. Don't fear market cycles — learn to adapt to them. Listen more than you speak — something my father, who was a trial judge, always told me. Focus on fundamentals, not speculation. And, finally, always do the right thing, even when no one is watching, which is another lesson from my father.

> "My advice for anyone starting in commercial real estate is to focus on mastering the fundamentals. The more you understand every aspect of the business, from deal structuring to market dynamics to leasing and development, the better positioned you'll be for long-term success."
>
> *Mark Levy*

Development: *What advice would you give to someone new to commercial real estate?*

Levy: My advice for anyone starting in commercial real estate is to focus on mastering the fundamentals. The more you understand every aspect of the business, from deal structuring to market dynamics to leasing and development, the better positioned you'll be for long-term success. Beyond that, I'd emphasize a few key principles: Build a strong network, be patient and persistent, leverage technology, develop strong communication skills, work hard and be resilient.

Development: *You've been very active in NAIOP. How has that helped you in your career?*

Levy: NAIOP has been a tremendous part of my success. The organization has provided invaluable networking opportunities, helping me build strong, lasting relationships with industry leaders. Beyond that, NAIOP offers best-in-class industry insights and education, which have been incredibly beneficial in staying ahead of market trends. The organization's advocacy efforts also ensure that commercial real estate professionals have a voice in shaping policies that impact our industry.

One of the most valuable aspects for me has been access to top-tier market data and research. As a NAIOP Research Foundation Governor, I've found the depth and timeliness of the market insights incredibly relevant and useful in my work. Lastly, NAIOP has provided leadership and career development opportunities that have helped me grow both professionally and personally. I'm grateful for the role the organization has played in my career.

Development: *What do you enjoy doing in your free time*?

Levy: I love to travel extensively, particularly throughout Latin America. One of my favorite things to do when traveling is to take architectural tours. I'm often considered the "nerd" on vacation because I enjoy immersing myself in opportunities to learn. I love spending time by the ocean, but I also enjoy exploring urban environments. Beyond that, I'm a collector of vintage watches and have a passion for Eames furniture from the 1940s and 1950s. ■

Ron Derven is a contributing editor to Development magazine.

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427,670 SF
Sold on behalf of: Dakota Pacific and Brasa Capital Management

Peppermill – Chesapeake Trade Center
GLEN BURNIE, MD

107,129 SF
Sold on behalf of:
Chesapeake Real Estate Group

Central Texas Logistics Center
SAN MARCOS, TX

485,885 SF
Sold on behalf of:
Confidential

6250 Baltimore Avenue
LANSDOWNE, PA

449,000 SF
Sold on behalf of:
Velocity Venture Partners

Carter Logistics Center I, II & III
FORT WORTH, TX

569,487 SF
Sold on behalf of: Confidential

Las Vegas Portfolio
LAS VEGAS, NV

1,029,035 SF
Sold on behalf of: Confidential

Exchange Circle
COPPELL, TX

315,553 SF
Sold on behalf of: Confidential

DFW 161 Phase II (LC 12)
IRVING, TX

707,940 SF
Sold on behalf of: Confidential

Birch Commerce Center
BREA, CA

218,648 SF
Sold on behalf of: Confidential

West El Paso Portfolio
EL PASO, TX

692,131 SF
Sold on behalf of: Confidential

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Not All Retail Leases Are Created Equal

There are important distinctions between in-line leases, ground leases and leases of stand-alone buildings for retail uses.

By Shain P. Roche, Hinckley Allen

Understanding the complexities of retail leases is essential for landlords and tenants alike. Retail leases include provisions for issues related to allocation of operating costs and taxes, as well as maintenance and repair obligations, common area rights, and obligations following fire or another casualty.

These agreements establish the financial, operational and legal framework that safeguards each party's interests, so it is important to recognize that a lease for one type of retail space likely carries far different considerations than a lease in another type of retail space. For example, leases for in-line premises located in a shopping center call for different obligations on both the landlord and the tenant when compared with leases for freestanding buildings or ground leases. This article highlights some of the distinct considerations that go into negotiating and drafting leases for different kinds of spaces.

Ground tenants are often obligated (and prefer) to maintain, repair and replace every improvement on the leased premises at their sole cost and expense.

Accounting for Costs

Typically, the tenant maintains and repairs the leased premises and is responsible for those costs, while the landlord is responsible for the exterior and structural portions of the building and the common areas. In this arrangement, the tenant pays its proportionate share of the landlord's operating costs.

Though that may be true for in-line leases, it is not always the case for ground leases and leases for freestanding buildings. Ground tenants are often obligated (and prefer) to maintain, repair and replace every improvement on the leased premises at their sole cost and expense. Similarly, in leases for freestanding buildings, tenants may want to operate their space (including adjacent common areas, such as drive-throughs, patios and reserved parking areas) independently, so landlords may be required to maintain and repair only those common areas outside of the areas the tenant intends to maintain. In this case, freestanding tenants usually pay all operating costs associated with the building and their exclusive-use common areas.

Considering Common Areas

Aside from the maintenance and costs associated with common areas, the actual use of those areas has various implications within the variety of retail leases. Ground leases of a single parcel that is not part of a larger shopping center are usually free of these considerations. Ground tenants have exclusive possession of the entire leased space. However, ground leases within a larger shopping center, as well as tenants in freestanding buildings in a shopping center, often have exclusive use of adjacent common areas, especially when it comes to parking. They also have the right to use those common areas shared with other tenants of the shopping center. In-line tenants are usually subject to the shared use of walkways, parking lots, trash areas, utilities lines and the like.

It is important to note that all three types of shopping center tenants may push for no-build provisions to be included in their leases — the goal of which is to preserve parking, foot traffic and storefront visibility. Landlords must be diligent in negotiating these provisions, ensuring they are not so restrictive as to prevent the development of the common areas in furtherance of the utility and prosperity of their property.

Before granting any exclusive rights over common areas in a shopping center, it is imperative that the landlord review all other leases to ensure this action does not violate the rights of existing tenants.

Factoring in Taxes

Allocation of real estate taxes is handled differently among the various categories of retail leases. Ground leases of separately assessed tax parcels often entitle tenants to act as if they own the leased premises during the term. Accordingly, ground tenants are liable for all taxes assessed on the leased premises, but they are also allowed to depreciate the building that they construct and appeal tax assessments.

Freestanding tenants sometimes pay 100% of taxes assessed on the building they occupy and a pro rata share of taxes assessed against the land comprising the shopping center. So, if the

Retail leases must be precisely tailored to the pertinent property type.

felixmizioznikov via iStock Editorial/Getty Images Plus

freestanding building is located on a parcel with other improvements or tenanted buildings, the freestanding tenant might pay 100% of taxes assessed on its building and a pro rata share of other improvements from which it reaps a benefit (e.g., a shared parking lot). Freestanding tenants generally will not wish to contribute toward taxes assessed to other tenanted buildings. If the freestanding building is located on a separate out-lot or parcel, the tenant likely pays all taxes assessed to that lot, similar to a ground lease.

In-line tenants generally pay their proportionate share of taxes assessed to the building of which the leased premises are a part as well as on the common areas. Savvy in-line tenants will exclude from their share of taxes those taxes assessed on stand-alone premises and paid by such ground tenants or stand-alone tenants.

Evaluating Casualty Considerations

Ground tenants often must face the brunt of casualties, such as fire or natural disaster, on their own. It is typical for ground tenants to remain liable for the full amount of base rent following such casualty and to repair or restore its improvements without assistance from the landlord. This may seem odd, but in a ground lease, the landlord is leasing the dirt (undeveloped land) to the tenant. Presumably, this land is not impacted by a casualty to the building that the ground tenant constructed.

Freestanding leases bring more variety to this issue. The provisions are often heavily negotiated and depend on whether the lease of a freestanding building is more akin to a ground lease or an in-line lease. For in-line buildings with multiple tenants, landlords will want to insure the building (and pass the premiums along as an operating expense) and perform the repair and restoration (often excluding tenant leasehold improvements).

In-line tenants are often entitled to rental abatement until the landlord completes its repair or restoration. Additionally, if a landlord's repair or restoration is estimated to take too long (often a negotiated point), or if too large a portion of the leased premises is destroyed (the proportion of which is usually negotiated), in-line tenants frequently have the right to terminate the lease without further recourse to the landlord or tenant.

All three types of shopping center tenants may push for no-build provisions to be included in their leases — the goal of which is to preserve parking, foot traffic and storefront visibility.

Going Beyond Generic

Neither landlords nor tenants should assume that any generic lease form will adequately govern use of the premises and the relationship of the parties. Each retail lease should be precisely tailored to the pertinent property, and the context of the tenant's occupancy should play a key role in determining the rights and obligations of the parties.

This article is intended to raise only some of the differences between in-line leases, ground leases and leases of freestanding buildings. Depending on the type of space being leased, there are many other differences, nuances and considerations for landlords and tenants to bear in mind when negotiating retail leases. ■

Shain P. Roche is an associate at Hinckley Allen.


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Differentiating for Tenants in a Crowded Industrial Marketplace

The future of industrial development will be informed by modern amenities and the pursuit of creative strategies.

By Lukas Huberman, BLT Enterprises

What distinguishes one industrial asset from another in an increasingly competitive market? This question is becoming more pressing, especially considering the significant increase in industrial supply following the pandemic. National industrial vacancy rates averaged 8% at the end of 2024 according to Yardi Matrix, leaving behind the sub-4% rates that had become the norm over previous years. Tenants now have access to a diverse range of options, making it essential for property owners and investors to think strategically about their offerings.

As the needs of industrial tenants transform with the evolution of technology and continued growth — and with more industrial properties than ever to choose from — how can owners and investors set their properties apart? What creative tactics and strategies can they use to both attract and retain high-value partnerships in a crowded marketplace?

Future-forward Amenities

As companies in the industrial marketplace aim to reduce employee turnover, they are searching for creative ways to improve the worker experience. As a result, tenants are placing more value on the inclusion of modern workplace amenities that may have been deemed unnecessary or too luxurious in an industrial building in the past.

For BLT Enterprises, a real estate development and investment company with a portfolio of 47 industrial and commercial properties in Southern California, any acquisition starts with a baseline quality check. An industrial asset must possess ample power and circulation, have generous clear heights and be in a desirable location. But after that, BLT President **Rob Solomon** has observed there is significant value in making improvements to industrial assets. This includes modernizing break rooms, kitchens and restrooms, as well as adding more natural lighting, hydration stations and comfortable spaces for employees to enjoy.

Renovations to include these types of amenities in industrial buildings can vary greatly in price, depending on the location, existing building, and cost of materials and labor. In the Los Angeles industrial market, BLT has seen renovations range between $200,000 and $1 million, depending on the size and location of the asset.

As manufacturers and logistics companies look to incorporate more automation and new technology, including artificial intelligence, into their businesses, their power needs are also increasing. Some larger facilities may now require heavier power capacities of 4,000 to 10,000 amps. Even smaller industrial buildings need more power than they once did, so developers and owners should consider building in (or adding in) higher electrical capacities to serve current and anticipated future needs.

EV Charging

Electric vehicle ports for both consumer and industrial use have increased. According to the Electrification Coalition, which tracks EV funding, charging stations for medium- and heavy-duty vehicles have benefited from increased funding under federal incentives. Perhaps due in part to this expansive federal funding, industrial and logistics companies have continued to invest in EV. However, property owners are finding it challenging to provide, as the infrastructure to support these additions is still largely in development.

Lisa Tamayo, BLT's vice president of development, has found that as logistics tenants are converting their fleets to EV,

Good clear heights, ample power and a desirable location are all baseline requirements for long-term industrial investments.

Tenants are placing more value on the inclusion of modern workplace amenities that may have been deemed unnecessary or too luxurious in an industrial building in the past.

Photos courtesy of BLT Enterprises

Features once considered unnecessary in industrial buildings, including open floor plans, kitchenettes and comfortable seating, are becoming more standard.

When feasible, BLT has acquired land adjacent to an existing parcel and leased it back to the tenant in an effort to help the tenant expand without needing to go through the expense and complications of making an additional acquisition.

they need significantly more space and power to recharge those vehicles. Depending on the property's location, the process to gain permits and clearance for EV fleet charging can be lengthy, so it is important to start early and plan for a long-term investment.

FedEx has a goal of creating an entirely electric parcel pickup and delivery fleet by 2040 as it works toward carbon neutral operations. The company has already invested in building more than 500 charging stations across California, where its first 150 electric vans were initially deployed. These stations have the capability to support more than 1,000 EVs.

UPS has also been working on expanding its electric delivery fleet, with more than 1,000 electric and plug-in hybrid vehicles already on the road.

Over the past two years, Amazon has installed more than 17,000 chargers at about 120 warehouses around the U.S., making the retail giant the largest operator of private EV charging infrastructure in the country, according to Bloomberg.

While federal incentives may change in the future, consumer demand for EVs continues to rise, and many industrial tenants have already committed to a future that includes EV charging. Installing on-site EV charging stations for employees and fleet vehicles remains a key strategic move for developers looking to set their properties apart from the competition.

Thinking Outside the Box

In the current higher interest rate market, some industrial tenants enjoying growth from increased transaction volume may find that capital for expansion is too expensive to consider.

Rather than risk the relocation and potential loss of a tenant, BLT has employed a mutually beneficial growth strategy. When feasible, BLT has acquired land adjacent to an existing parcel and leased it back to the tenant in an effort to help the tenant expand without needing to go through the expense and complications of making an additional acquisition.

If the tenant eventually vacates, BLT will invest in value-add improvements to modernize the property and ready it for a new tenant. In some cases, these acquisitions can be transformed into higher-performing assets, such as cold storage or industrial outdoor storage facilities.

While BLT primarily owns assets in Southern California, a recent sale-leaseback opportunity with long-term Fortune 500 tenant PepsiCo presented itself. The tenant was looking to vacate a centrally located, 88,457-square-foot industrial warehouse on more than 8 acres in Las Vegas. After a significant due diligence process, BLT determined the asset was well positioned and unique in its low coverage (industrial properties with 30% or less improvement square feet compared to land square feet) and infill location.

BLT acquired the property and leased it back to the tenant on a short-term one-year lease. Once the tenant vacates, BLT plans to make significant improvements to the property, including upgrading on-site power and refurbishing the parking lot, maximizing the opportunity for outdoor storage.

As industrial users' needs shift in a rapidly changing marketplace, it is crucial for owners to remain flexible and creative in their strategies to attract and retain tenants. Due diligence into the added value of improved amenities, as well as the possibility of acquiring new assets, will remain key to success. ■

Lukas Huberman is a partner at BLT Enterprises.

Banks and Debt Funds: A Powerful Partnership in CRE Finance

Traditional lenders and alternative lenders are combining to capitalize on opportunities that might otherwise go untapped.

By Charles Krawitz, Alliant Credit Union

In recent years, the commercial real estate financing landscape has witnessed a significant shift, with alternative lenders — often structured as debt funds — gaining traction. What started as a niche offering has now become a mainstay of the CRE market, with debt funds offering loans tailored to traditional bridge and construction loan opportunities.

With their ability to structure creative yet sound financing solutions, alternative lenders have become indispensable in helping developers navigate today's dynamic real estate environment. In fact, according to CBRE, in the fourth quarter of 2024, alternative lenders, including debt funds and mortgage REITS, accounted for 23% of non-agency CRE loan closings. Debt funds led the segment with a 72% year-over-year increase in origination volume.

While credit unions and banks remain central to the industry, debt funds have emerged as valuable partners, offering complementary capabilities that enhance the options available to borrowers. This partnership is not merely transactional; it reflects a strategic alignment where the strengths of one entity amplify the capabilities of the other. This dynamic has made debt funds particularly effective lenders that can provide tailored solutions.

Debt funds work best for borrowers involved in complex, transitional or high-risk projects that traditional lenders are less likely to back.

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Defining Debt Funds

Debt funds, typically private investment vehicles, pool capital from various investors to offer loans to borrowers. These funds can be structured to offer more flexible terms compared with traditional lenders, allowing them to tailor loan structures to specific project needs. These partnerships generally involve debt funds providing specialized financing where traditional lenders may not be willing to take on the risks.

Debt funds reflect a growing demand for alternative financing options in CRE, as traditional lenders become more cautious in response to market volatility and economic uncertainty. With high interest rates, tightening regulations and shifting market conditions, many developers are looking for partners that can offer quicker access to capital and more adaptable loan terms. Debt funds are positioned to meet these needs, providing solutions for borrowers who might not qualify for conventional loans or require financing that traditional institutions cannot readily offer.

Specialized Loan Products: A Key Differentiator

Debt funds excel in underwriting loans for complex opportunities. Their in-depth understanding and product type specialization allow them to assess risks with precision and structure financing solutions that address the unique challenges each transaction presents, expanding the financing options available to borrowers. Their ability to identify opportunities that others might overlook is especially valuable.

One of the most significant contributions of debt funds is their ability to pivot in response to dynamic circumstances. Construction financing, for example, often faces challenges such as cost overruns or permitting delays. Debt funds are frequently managed by individuals with current or prior ownership experience who are deeply knowledgeable and equipped to adapt loan terms in response to these uncertainties. This responsiveness is critical in keeping developments on track. By tailoring their approach to each borrower's specific situation, debt funds help manage risk and maintain project momentum.

Bridge loans are another area where debt funds shine. These short-term loans provide liquidity to borrowers transitioning between project phases, such as

acquiring a noncash-flowing property and securing tenants, and then positioning the property for long-term financing. Debt funds are particularly well suited for this type of lending, ensuring that viable projects are properly capitalized and have sufficient runway to accomplish their business plans. The ability to underwrite these transitional loans quickly and efficiently is a competitive advantage with which other lenders frequently struggle.

Drawbacks of Debt Funds

Despite their flexibility and specialization, debt funds also have several drawbacks, such as higher interest rates or fees, because they typically provide financing for higher-risk projects. Additionally, the capital in debt funds can be more difficult to access compared to bank loans, as debt funds often require a more complex approval process and may be more selective about the projects they finance.

Debt funds are best suited for borrowers involved in complex, transitional or high-risk projects that may not align with the risk appetite of traditional lenders. However, for more straightforward or less risky projects, traditional lenders may provide more favorable terms. Borrowers should carefully assess the project's risk profile and their own financial stability before seeking out debt fund financing.

> One of the most significant contributions of debt funds is their ability to pivot in response to dynamic circumstances. Construction financing, for example, often faces challenges such as cost overruns or permitting delays.

To overcome some of these obstacles, debt funds may work alongside traditional lenders, allowing the latter to engage in more specialized projects. Debt funds provide in-depth sector expertise that complements the knowledge of their partners. This collaboration allows credit unions and banks to extend credit to projects that align with their strategic objectives while relying on debt funds to navigate the complexities of these transactions.

How Debt Funds and Traditional Lenders Collaborate

A unique advantage of debt funds is their ability to act not only as lenders but also as property owners and operators. This dual role provides significant value, particularly in distressed situations where other investors may be hesitant to step in. If a loan defaults or a project faces unforeseen challenges, debt funds can leverage their operational expertise to take control of the asset, mitigate risk and work toward recovery.

For traditional lenders, partnering with debt funds that possess operational expertise offers an added layer of security. Knowing that these partners can manage distressed assets if issues arise allows traditional lenders to pursue projects that they might not otherwise. This dual-role capability allows debt funds to gain access to more significant projects, while traditional lenders can extend their lending portfolios with greater confidence.

Both credit unions and banks bring significant advantages to the table, including expansive balance sheets, competitive pricing and access to diverse sources of capital. Debt funds, on the other hand, contribute

specialized knowledge, agility and a willingness to engage in complex transactions. When these strengths are combined, the result is an integrated financing solution that supports the CRE market's growing sophistication. This synergy also enhances the overall efficiency of the CRE financing market, allowing both traditional lenders and debt funds to capitalize on opportunities that might otherwise go untapped.

> For traditional lenders, partnering with debt funds that possess operational expertise offers an added layer of security. Knowing that these partners can manage distressed assets if issues arise allows traditional lenders to pursue projects that they might not otherwise.

Adapting to Market Shifts

Looking ahead, the partnership between traditional lenders and debt funds is poised to strengthen as market dynamics continue to evolve. Rising interest rates and changing regulatory environments present challenges, but they also create opportunities for innovative solutions. Debt funds are positioned to adapt to these shifts, offering flexibility that complements the strategic goals of traditional lenders.

The influx of capital into debt funds further demonstrates their appeal. Investors are increasingly attracted to the risk-adjusted returns that debt funds offer, and innovations in the capital markets are helping these funds access new sources of capital.

Despite operating outside traditional oversight, debt funds have shown a commitment to maintaining credibility with institutional investors and their regulated credit union and bank partners. Their alignment with regulated entities ensures a level of discipline in their operations that supports sustainable growth. This adherence to regulatory standards is critical for the long-term success of debt funds and for promising that their offerings will remain attractive to both investors and borrowers.

The collaboration between traditional lenders and debt funds represents a powerful alliance in CRE financing. By combining banks' stability and scale with debt funds' specialization and flexibility, these entities can deliver innovative solutions that drive success for borrowers and investors alike. This partnership is more than a response to market needs; it is a forward-thinking model that addresses the complexities of modern CRE projects. ■

Charles Krawitz is executive vice president and chief capital markets officer at Alliant Credit Union.

A Slam Dunk for Innovation

The Seattle Storm's training facility is recognized for its use of low-carbon cement and thermal buffering.

By Aubrey Smading, Portland Cement Association

The WNBA's Seattle Storm, owned by Force 10 Hoops LLC, plays its home games at Climate Pledge Arena, the first zero-carbon-certified arena in the world. So when it came time to develop a new training facility for the team, reducing the carbon footprint was a priority.

The Storm's $64 million Center for Basketball Performance in Seattle's Interbay neighborhood — designed by architects Shive-Hattery and ZGF Architects and built by Sellen Construction — adopted sustainable approaches throughout the development. The city of Seattle passed new standards requiring most large buildings to reach net-zero emissions by 2050. To qualify for the city's Priority Green Expedited program, the 50,000-square-foot facility was also designed to achieve LEED Gold certification. Reducing greenhouse gas emissions from structural concrete was identified early on as a key driver.

To meet this low-carbon need, the design team and concrete supplier Stoneway Concrete adopted three key strategies:

- Deploying strength requirements based on concrete compressive strength tests at 56 days instead of a typical 28-day test age for specific applications
- Using higher slag cement replacement of between 50% and 80%
- Implementing Type IL portland-limestone cement (PLC)

"We had solutions that might not be obvious," said **Michael Gardner**, technical services manager at Stoneway Concrete. "However, as we were armed with detailed knowledge of the locally available materials, their potential impact, and mix optimization expertise, we were able to get creative and ultimately exceed everyone's expectations for both performance and CO2 [carbon dioxide] reduction. No doubt the ability to quantify our decisions through CO2 impact using EPDs [environmental product declarations] strengthened the validity of our plan."

A rendering of the Seattle Storm's Center for Basketball Performance.

Courtesy of Stoneway Concrete

Seattle's Department of Construction and Inspections' Priority Green Expedited program reduces initial plan review times by at least 50% for projects that meet green building certification and other criteria.

The Seattle Storm project was named a winner in the National Ready Mixed Concrete Association's 2024 Concrete Innovation Awards. The concrete generated 52.4% embodied carbon savings when compared to the regional industry average 28-day standard-cured compressive strength, rising to as much as 68% with specific applications in the building.

Creating a Healthy and Productive Building

Given its purpose as a sports training facility for elite athletes, there was a strong desire to prioritize health and wellness in design, construction and operation of the Center for Basketball Performance. Rather than stop at LEED Gold, Force 10 Hoops, the contractors and the design team pushed further to reduce operational carbon emissions resulting from the energy used to operate the facility.

Moreover, the local utility to which the project is connected already sources the majority of its power from renewable sources. More than 80% of Seattle City Light's power comes from hydroelectric projects on the Skagit and Pend Oreille rivers. In addition, the city required the basketball performance center to install photovoltaics on the building's roof. Inside, low volatile organic compound (VOC) materials were used to reduce the carbon and wider greenhouse gas impacts on the interiors and the players themselves.

Greener Cement

The design and construction teams worked together closely to identify sections of the project, including the foundations and tilt-up walls, appropriate for specifying the design strength at 56 days rather than the typical 28 days. The longer specification schedule allowed for reduced embodied carbon and a lower global warming potential (GWP) of the completed building by further reducing the need for high amounts of cementitious materials to achieve the required strength.

In locations where the project schedule would allow it, specifying strength requirements at 56 days rather than 28 days should have little or no effect on the final design. The Seattle area has extensive experience working with 56-day design strength, as it has been common in the city since the 1980s.

To allow crews to get on the slab quickly, Stoneway Concrete adjusted the admixture. It minimized the amount of water reducer and used a super plasticizer as well as a viscosity modifier, producing an admixture that met the approval of the project's finishers.

The design called for lighter, whiter concrete for the structure. Stoneway considered two initial options, but the cost of using titanium dioxide as a color additive was prohibitive, and securing white cement would have meant transporting a specific cement across the country, adding considerably to the carbon footprint.

The solution involved using high-slag cement contents in the concrete. Stoneway already had mixtures developed and was using 50% slag regularly at other construction projects, such as the Microsoft campus refresh currently underway in Redmond, Washington. In addition, project builders Sellen Construction had used slag mixtures of up to 80% on The Spheres at Amazon's corporate office in downtown Seattle and knew it produced a very light color after drying.

In total, 27% of the Storm Center's concrete utilized 80% slag cement, and 64% of the concrete used 50% slag cement. Stoneway quickly resolved issues with cracking by adjusting the admixture combinations to reduce set time. Tilt walls were designed for 6,000 pounds per square inch (PSI) at 56 days. Stoneway utilized 80% slag cement and was still able to achieve 4,000 PSI within three days. The strength requirements were confirmed using Giatec SmartRock maturity sensors.

Replacing a portion of the portland cement with slag cement significantly reduced the environmental impact of the concrete and required 90% less energy to produce. According to the Slag Cement Association, using 50% slag in the cementitious content can reduce greenhouse gases by more than 40% and lower the concrete's embodied energy by more than 30%.

In addition, the project used ASTM C595 Type IL portland-limestone cement (PLC). Because PLC uses a higher blend of limestone, it can result in carbon savings of up to 10% across a project's life cycle.

Exposed concrete in the walls acts as a thermal buffer to moderate temperature changes. The thermal buffering will have a particularly pronounced effect on the building's energy efficiency and global warming potential over its lifetime.

The project's sustainability commitments helped expedite construction, which began in spring 2023 and was completed in April 2024.

Courtesy of Stoneway Concrete

The completed center includes two indoor professional basketball courts, two outdoor courts for three-on-three games, and an exclusive suite for the Seattle Storm that includes a locker room, nutrition center and player lounge. It also contains the latest in strength and conditioning equipment, health and wellness suites, and an aquatics center. The second floor houses the Storm's business headquarters.

Need for Speed

Construction began in spring 2023, and the team wanted to be in the building by the start of the 2024 season in late April.

The project's sustainability commitments helped in this regard. Seattle's Department of Construction and Inspections' Priority Green Expedited program reduces initial plan review times by at least 50% for projects that meet green building certification and other criteria, allowing the project to allocate extra time for construction.

"The opening of the Center for Basketball Performance is more than a testament to the Force 10 ownership's commitment to our Storm athletes and our entire staff, it is a commitment to use professional sports as a platform for positive impact," said **Alisha Valavanis**, Storm president and CEO when the facility opened on time in April 2024.

Keeping Carbon Reduction at the Core

The achievement was a team effort, the result of implementing an early collaborative process among the contractor, architect, design, and project teams, which identified the objectives required to meet or exceed the client's sustainability goals. ZGF noted these carbon reductions are the highest it has seen on a project.

Exposed concrete in the walls acts as a thermal buffer to moderate temperature changes. The thermal buffering will have a particularly pronounced effect on the building's energy efficiency and global warming potential (GWP) over its lifetime. The concrete absorbs heat in warmer weather to minimize its effect on indoor temperatures and releases that heat when temperatures cool down. Strategic placement of buffering, such as in the walls, is an effective long-term step toward reducing the building's operational carbon.

The project ultimately met and exceeded its GWP and embodied carbon goals. Overall, it exceeded a 50% reduction in embodied carbon compared to typical average concrete mixes in the region and achieved 80% of the 2030 targeted reductions of the World Economic Forum's First Movers Coalition for "near zero carbon: concrete." ■

Aubrey Smading is the director of concrete design and technology at the Portland Cement Association.

Shaping Florida's Urban Future With Transit-oriented Development

The expansion of high-speed rail service across the state provides more options.

By Diego Bonet, LD&D

Wynwood Haus is located close to a Miami Metromover station and is also connected to Brightline rail service, which gives residents easy access to Fort Lauderdale, West Palm Beach and Orlando.

Courtesy of LD&D

Florida, traditionally known for its car-dependent culture, is experiencing a significant surge in transit-oriented development (TOD). TOD promotes higher-density, mixed-use developments within walking distance of public transportation hubs, enhancing accessibility and reducing reliance on automobiles.

Several factors, including federal policy, land scarcity and evolving urban needs, are fueling this shift. The Infrastructure Investment and Jobs Act (IIJA), which allocated $90 billion for modernizing public transit systems, made transit-accessible developments increasingly attractive to residents and investors alike. Projects such as Wynwood Haus in Miami, 506 Datura in West Palm Beach, and DoMo at Cass Square in Tampa exemplify this trend, helping to raise standards for connectivity and sustainable living across the state. (It is not known at this time whether President **Donald Trump's** executive order to stop disbursing IIJA funding is temporary or will become permanent. Regardless, it has added a layer of uncertainty and may impact investment going into TODs.)

Wynwood Haus utilized a conventional financing structure — an approximately 55% loan-to-cost construction loan from a lender, complemented by a limited investment partner, both attracted by the TOD model. A similar financial breakdown is anticipated for the projects in West Palm Beach and Tampa.

The Unlikely Rise of TOD in Florida

Despite limited mass transit options, Florida has embraced TOD as a practical response to rising congestion, increasing population density and a scarcity of developable land. Florida's population has grown by over 1 million residents since 2020, reaching an estimated 22.6 million people as of April 2023, driven entirely by net migration. This influx is especially concentrated in urban counties like Miami-Dade, Broward, Palm Beach and Hillsborough, making them key areas for TOD initiatives. According to an INRIX Global Traffic

Despite limited mass transit options, Florida has embraced TOD as a practical response to rising congestion, increasing population density and a scarcity of developable land.

Scorecard released earlier this year, Miami's traffic increased 30% from 2021 to 2022, making it the eighth-worst city for traffic congestion in the world.

Brightline, the only privately owned and operated intercity railroad in the United States, serves these high-density regions. Projects near its high-speed rail stations are gaining traction as transportation becomes a critical factor in alleviating Florida's congestion. Since Brightline's expansion to Orlando in September 2023, ridership has grown significantly. In April 2024, Brightline reported carrying 223,117 passengers, a 48% increase from the prior April when its trains were not servicing Orlando, generating total revenues of $15.2 million. This growth illustrates a latent demand for transit options in Florida, suggesting residents are ready to accept alternative modes of transportation.

TOD Success Stories

LD&D, a Miami-based real estate development firm with more than $500 million in assets under management and a development pipeline of 1.25 million square feet, has put greater focus on TOD projects over the past several years.

Wynwood Haus, Miami

Developed by LD&D and real estate investment and development firm Black Salmon in partnership with Bridge Investment Group, Wynwood Haus exemplifies the benefits of TOD. Acquired in the first quarter of 2019 for $5.9 million, this project transformed previously undeveloped land into a modern multifamily residence, completed in December 2023.

Wynwood Haus appeals to renters seeking car-free urban living. It is located near the School Board Metromover Station, which saw an average of 1,247 weekday passengers in August 2024, a 4.2% increase from the previous year. The station also recorded significant growth in weekend ridership, with Saturday passengers up 11.4% year over year. Additionally, Wynwood Haus is connected to the Brightline rail service, offering residents quick access to Miami, Fort Lauderdale, West Palm Beach and Orlando.

The project features 224 units designed by Corwil Architects, with interiors by LD&D's design division and landscaping by **Enzo Enea**. Amid an influx of approximately 900 new residents daily in Florida, Wynwood Haus caters to young professionals and families while incorporating workforce housing through incentives from Miami's Omni Community Redevelopment Agency. All of the 100 workforce units are leased.

Wynwood Haus spans 297,492 square feet over 20 floors, along with 5,500 square feet of retail space. Given its proximity to transit options, the property commands some of the highest rents per square foot in the submarket, outperforming other centrally located projects burdened by traffic congestion. Rental prices start around $2,185 for studios, with two-bedroom units reaching up to $3,755. Amenities at Wynwood Haus include a rooftop deck featuring a pool and green space, along with a ground-floor coffee shop that enhances community engagement.

506 Datura, West Palm Beach

Located near the West Palm Beach Brightline Station on land parcels acquired in 2022 for $8.125 million, 506 Datura applies TOD principles to foster growth beyond major metropolitan centers. Brightline rail service provides direct regional access to cities like Boca Raton

Why Is TOD Gaining Traction in Florida Now?

Several factors have converged to drive TOD in Florida:

Federal policy: The federal government's focus on modernizing transit systems accelerated TOD opportunities. It is difficult to predict how Trump administration policies may impact investment going into TODs.

Land scarcity: As Florida's population continues to grow, land near transit hubs becomes increasingly valuable. TOD offers a way to optimize these high-demand areas.

Lifestyle shifts: Younger generations and professionals are embracing more sustainable lifestyles, favoring transit access over car ownership.

While mass transit ridership in Florida remains modest compared to many other states, the growing presence of developments like Wynwood Haus, 506 Datura and DoMo suggests residents are ready to embrace transit-friendly living. As Brightline expands its reach, ridership around these projects is expected to increase, further cementing the value of TOD.

DoMo at Cass Square is being developed near an Amtrak station and the future Tampa Brightline station, reflecting growing demand for transit-adjacent housing options in the Tampa metro area.

Courtesy of LD&D

and Miami. The project benefits from a strategic collaboration with the city of West Palm Beach to upzone the property's floor area ratio from 2.75 to 6.5 in exchange for a hospitality component. This partnership enhances the project's anticipated value and positions the development, often referred to as the "welcome mat to West Palm Beach," as a gateway to the city. The mixed-use development, scheduled to break ground this summer, will include 180 multifamily rental units, a 130-key hotel, and restaurants on the rooftop and ground floor.

The future success of 506 Datura should be supported by anticipated increased ridership at Brightline's West Palm Beach station. In 2023, Brightline carried 2,053,893 passengers, marking a 67% increase from the previous year, with the West Palm Beach station alone accounting for 712,874 passengers during one reporting period. For 2024, Brightline reported a 40% increase in year-over-year passenger numbers overall. This surge in ridership aligns with the overall growth of Brightline, which is driven by rising demand for intercity travel options across Florida.

DoMo at Cass Square, Tampa

DoMo at Cass Square is strategically positioned to leverage its proximity to an Amtrak station and the future Tampa Brightline station, attracting residents who work in Orlando or at Disney but prefer living in Tampa. With rising demand for transit-accessible housing, DoMo caters to professionals seeking alternatives to long car commutes. LD&D acquired the 2-acre parcel for $10 million in April 2023, with plans to develop a $200 million mixed-use tower. Currently in development, the project is set to break ground this year. The 28-story luxury multifamily building will feature 360 apartments, 45,000 square feet of amenities and 32,500 square feet of ground-floor retail.

This development reflects the increasing demand for transit-adjacent housing options as Tampa's urban core expands.

Challenges and Opportunities in Florida's TOD Expansion

Despite the successes, Florida's embrace of TOD faces significant challenges. Developable land near transit hubs is costly due to high demand for accessible locations, while local zoning requirements — particularly excessive parking mandates — limit the density essential for successful TOD projects.

For example, Wynwood Haus was designed with a 1:1 parking ratio per unit, yet its average demand is only approximately 0.7 cars per unit — well below both its intended ratio and the norms for non-TOD developments. Although the project targeted a more aggressive 1:1 ratio,

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compared with the 1:1.25 or 1:1.5 ratios typical in other developments, smaller unit sizes have led to lower-than-anticipated parking demand. Even after maximizing every available deduction under the Miami 21 zoning code, mandated parking levels could not be further reduced due to the code's parameters. This situation underscores the need for more flexible zoning policies that align with TOD realities.

Land ownership also plays a critical role in these developments. Properties like Wynwood Haus were often underutilized before redevelopment, making them ideal candidates for TOD. Strategic partnerships between public agencies and private developers help ensure that community needs are met while addressing market demands.

Despite these challenges, the shift toward TOD presents substantial opportunities. Advocating for reduced parking requirements and higher density allowances is essential for financial viability. As the demand for transit-oriented living grows, collaboration among developers, municipalities and transit systems will be vital for the future of urban development in Florida.

The Future of TOD in Florida

Florida's experiment with TOD demonstrates that even car-centric regions can transition toward more sustainable urban development. Projects like Wynwood Haus, 506 Datura and DoMo are not just reshaping Florida's urban landscape — they are also challenging long-held assumptions about transit and development in the state.

Properties like Wynwood Haus were often underutilized before redevelopment, making them ideal candidates for TOD. Strategic partnerships between public agencies and private developers help ensure that community needs are met while addressing market demands.

For developers, the ability to anticipate trends, engage with municipalities and adapt to changing urban dynamics is key to successfully navigating this emerging market. As Florida's cities continue to grow and transit networks expand, TOD will play an increasingly important role in shaping the state's future. ■

Diego Bonet is managing partner at LD&D.

Experiential Retail

Helping to Fuel a Brick-and-mortar Revival

The Gensler-designed Assembly Food Hall, part of Nashville's Fifth + Broadway development, draws crowds not just to eat but also to listen to live bands and join watch parties, all in close proximity to specialty retailers.

Garrett Rowland courtesy of Gensler

Retail spaces are evolving into experience destinations rather than just places to buy goods.

By Ron Derven

AT A GLANCE

The COVID-19 pandemic accelerated the growth of experiential retail by highlighting people's need for social connection.

Sports and entertainment districts have become magnets for retail development.

Successfully implementing experiential retail still requires identifying market gaps to build the right mix.

By transforming shopping centers and malls into interactive, immersive and often Instagrammable destinations, mall owners and savvy retailers are offering something that digital platforms can't replicate: opportunities for genuine human connection and full sensory engagement. In other words, modern experiential retail is providing compelling reasons for consumers to return — in person — to these properties.

"Shopping centers today aren't the malls of the 1980s, that 'shop till you drop' era," commented **Holly Rome**, executive vice president of retail agency leasing at JLL. "Back then, we spent the whole day at the mall shopping. Now we're in an environment where people can easily get many things online. Yet [brick-and-mortar] retail remains strong across the board and continues to evolve. One great thing about the business today is the excitement around new offerings, whether product types, unique shopping experiences, restaurants or innovative retail environments. Retail has elevated itself to something much more creative and experiential."

In the post-pandemic era, retail spaces have evolved from mere places to buy goods to destinations that offer unique experiences. "Brands like Gentle Monster and Restoration Hardware (RW) engage customers through immersive designs and added features like restaurants, making shopping an event," noted **Barrie Scardina**, president of Americas retail services at Cushman & Wakefield. "Developers are also focusing on experience-driven tenants to boost foot traffic and foster community connections. We are studying this trend to understand how it shapes the future of consumer engagement in physical stores."

Generation Z, in particular, is redefining reality, toggling between the digital and physical worlds, said **David Glover**, mixed-use and retail centers leader at architectural, design and planning firm Gensler. "The fact that 'manifest' was Cambridge Dictionary's Word of the Year speaks volumes — this generation is all about turning ideas into experiences," he said. "But here's the irony: While they prefer digital interactions, they're also navigating a loneliness crisis. The attention economy is shifting from excess to emotional resonance — people want fewer, deeper, more meaningful moments."

Investing in the Retail Sector's Potential

Simon Property Group is an Indianapolis-based real estate investment trust with 194 retail properties in 37 states and Puerto Rico and a total of 400 properties in 24 countries. "With more than 2 billion visits to our centers every year,

Fifth + Broadway, a mixed-use development located in downtown Nashville, offers almost 240,000 square feet of entertainment, retail and cultural amenities, including a food hall and a music venue with multiple stages.

Zack Benson courtesy of Gensler

> “Today’s shopper isn’t choosing between online and in-person shopping. They’re using both, often at the same time, in ways that complement one another.”
>
> *Mark Silvestri, president of development, Simon Property Group*

we are seeing how people of all generations continue to crave connections and experiences outside of the home,” said **Mark Silvestri**, Simon’s president of development.

That is true even for Gen Z, “despite its reputation for being constantly online,” Silvestri asserted. “According to a survey by the International Council of Shopping Centers, 97% of Gen Z consumers shop at brick-and-mortar stores. Gen Z respondents said they value the ability to get items immediately; to see, touch and try out products; not having to pay for shipping; and the opportunity to hang out with friends and enjoy the unique experience of physical stores.”

Simon is investing $8 billion in upgrading many of its malls. Among its current projects are the following:

At Southdale Center near Minneapolis, Simon is making a major investment that includes luxury apartments; a Homewood Suites by Hilton hotel; and lifestyle-centric brands including Life Time’s resort-style athletic complex, RH Gallery and Rooftop Restaurant, and golf-themed entertainment venue Puttshack. A new, fully leased luxury wing is set to launch at Southdale this year.

Northgate Station in Seattle is a mixed-use, transit-oriented development by Simon that is creating a sustainable live-work-play-stay-shop experience. The redevelopment project features shops, restaurants, 234 luxury apartments (scheduled to open in 2026), Class A office space and 54,000 square feet of communal gathering areas. The $80 million Kraken Community Iceplex, a practice facility and team headquarters of the National Hockey League’s Seattle Kraken, serves as the development’s centerpiece. A new Residence Inn by Marriott hotel will open soon as well.

At Smith Haven Mall in Lake Grove, New York, Simon has launched a multimillion-dollar project that includes several new marquee retailers, plus dining destinations, an outdoor plaza and lifestyle amenities, including Golf Lounge 18, an indoor golf simulation facility that allows players to choose from more than 200 golf courses worldwide. Smith Haven also includes a newer type of amenity for properties that were once focused almost exclusively on shopping: Stony Brook Medicine, providing convenient medical services while people are visiting the mall.

The Hub on Causeway, an approximately 2 million-square-foot mixed-use project designed by Gensler in collaboration with Boston Properties and Delaware North Companies, occupies the original site of the Boston Garden. Now anchored by entertainment destination TD Garden, the development features specialty retailers, high-concept dining, creative office space, and residential and hotel towers.

Anton Grassl courtesy of Gensler

The Rise of Experiential Retail

Experiential retail existed before COVID-19, but the pandemic accelerated its growth significantly. "Before COVID, various forms of experiential retail were nice to have. Now, they are must-haves," asserted **Amanda Ortiz**, director of Americas industrial and retail research for CBRE.

The pandemic underscored the need people have for greater social connection, Rome said. "[We want] to enjoy great restaurants, sporting events, the simple pleasure of just being with friends," she said. "We did these things before COVID, but now we appreciate them on another level." She added that consumers appreciate landlords and retailers that focus on experiential retail, leveraging consumer preferences and adapting their business to differentiate themselves.

"Today, people can shop online for most everything," Scardina said, "so physical stores must provide compelling reasons to visit — brand experience, personalized customer service and unique, immersive experiences. Omnichannel strategies leverage physical stores to drive online sales and vice versa, also integrating social media engagement. Digital-first brands, like Warby Parker, are a notable example of how strong online services also benefit from in-store interactions."

Silvestri said that while the mall's appeal spans generations, how people shop has evolved. "Today's shopper isn't choosing between online and in-person shopping," he said. "They're using both, often at the same time, in ways that complement one another." That's why Simon implemented an omnichannel strategy, launching ShopSimon, a rebranded and expanded online marketplace, last year.

More retailers are now seeking to replicate the brand relationships consumers have online in their physical stores, according to Ortiz. "When tenants look for new spaces, they must now consider experiential aspects such as in-store classes or additional offerings," she noted.

Identifying the Right Retail Mix

As Scardina explained, when landlords think about expanding revenue at malls and shopping centers, they must consider how to keep people engaged (duration of stay), how to encourage visitors to return (repeat traffic) and how to get people to explore the entire center rather than just one store (cross-traffic). "These challenges require innovative strategies that create engaging, memorable experiences to keep visitors around longer and encourage them to move through the entire space," Scardina said.

There is no one-size-fits-all version of experiential retail, according to the experts interviewed. Developers and owners must carefully select what needs to be added to the mix at each specific location. "Experiential retail has many layers, from product delivery and customer service to the mix of retail, restaurants, services and boutique fitness — all contributing to the 'experience,'" Rome noted. "Ambience, safety, parking and logistics are fundamental. You must cater to your [specific] market, which varies greatly. The market in a small town in Iowa differs significantly from that of New York City."

The Fashion Mall at Keystone, a redevelopment in Indianapolis from Simon Property Group, will offer luxury retail and first-to-market dining and entertainment destinations, along with an outdoor plaza and new office space, One Keystone Crossing.

Courtesy of Simon Property Group

"At JLL," Rome continued, "we begin by understanding our market, the consumers, their interests and the gaps in local offerings. Once we have that understanding, we create an experience tailored to the specific market. Ski resorts, for example, require a mix that includes daily needs, sports essentials and leisure shopping. Conversely, a value-conscious center focuses on price and daily community needs. Every location requires a curated selection of retailers. We look at performance data, customer origins, market gaps and the surrounding area's retail landscape to build the right mix."

Sports-centric Venues

Stadiums and sports-centric venues have become powerful magnets for retail, leveraging consistent foot traffic generated not only by major sporting events but also day-to-day activities. Successful venues incorporate shopping, dining, entertainment and community spaces, ensuring a sense of vibrancy even outside of game days. To maximize their appeal, these complexes are designed for multifunctional use, attracting visitors through fitness centers, restaurants, family-oriented activities and shopping experiences, transforming them into year-round lifestyle destinations.

"Experiential retail in and around sporting arenas and stadiums has been growing over the past several years," Scardina said, "but developers need to study traffic, event patterns and community-specific opportunities to ensure success. The neighborhood around the stadium is also important to consider, as are transportation patterns."

One thing that doesn't work for retail at such venues is attracting a crowd only when the home team is playing. "Sports-centric venues need to ensure constant weekday use with regular sports training, fitness activities, family gatherings and other consistent uses, in addition to heavily attended events and tournaments," Rome observed. "Parents dropping kids off frequently appreciate convenient activities nearby, such as shopping, grocery [stores] and restaurants."

Tech's Present and Future Role

Technology has been a significant disrupter of conventional retail, particularly with the advent of online shopping and expedited delivery. However, according to those interviewed, it is now playing an equally pivotal role in the reinvention of brick-and-mortar, experiential retail.

Retailers are increasingly blending physical and digital experiences into something marketers are

Northgate Station, a transit-oriented development in Seattle by Simon, is creating a live-work-play-stay-shop experience with its mix of retail, restaurants, luxury apartments, Class A office space and communal gathering areas.

Courtesy of Simon Property Group

calling “phygital” retail. Technologies that support phygital retail include geolocation devices, beacons, wearable devices, social media, the Internet of Things and smart mirrors. Additionally, there is increasing use of augmented reality and virtual reality.

“Retailers utilize visually appealing technology like augmented reality, but consumer data collection is equally critical,” Ortiz asserted. “Interactive displays attract attention as novel experiences. Retailers will increasingly use collected data to optimize consumer interactions.”

“The biggest disrupter today isn’t just technology — it’s the collision of physical and digital worlds, reshaping how we live, shop and connect,” Glover said. “People assume technology is the answer, but what we really crave is awe, thrill and shared experiences. Technology has turned many [older style] malls into little more than fulfillment centers. To stay relevant, retail spaces must evolve beyond consumption and become platforms for meaningful engagement, where food, wellness, education and social experiences take center stage.”

“The more our lives move online, the more we seek visceral, high-impact experiences in the real world,” Glover continued. “Great spaces don’t just facilitate transactions; they create moments. The best places seamlessly blend retail, social, work and living into one continuous, dynamic experience.”

Attempting to Redefine the Future of Malls

Can experiential retail save old suburban malls that have fallen on hard times? The answer from those interviewed is … it all depends. Experiential retail might offer a lifeline if the mall can integrate unique, engaging experiences, including entertainment venues, immersive dining and community-centric events, helping to attract new audiences and secure renewed relevance in a digitally dominated retail landscape.

“The malls that survive will be the ones that reinvent themselves,” Glover said. “The high-performing ones will double down on experience and

THE BRICK-AND-MORTAR RETAIL MARKET

The brick-and-mortar retail space market presents something of a paradox.

On one hand, troubling reports by Coresight Research predict 15,000 store closures this year, which comes on the heels of 7,325 store closures in 2024.

Given those numbers, one might expect high vacancies at shopping centers and malls; however, the opposite is true. National retail vacancy rates have remained below 5% for 11 consecutive quarters, according to Marcus & Millichap, with the average asking rent increasing throughout. The sector’s strength extends across market types, with primary and secondary vacancy at 4.7% and 4.5%, respectively.

Furthermore, CBRE reported that at year-end 2024, the average asking rent for U.S. retail had increased 0.4% for the quarter and 2.5% year over year to $23.80 per square foot, driven by strong competition for limited space and high demand for prime locations.

Simon is adding 155,000 square feet of retail stores and restaurants, a 200-key luxury hotel and upgraded customer amenities that include a new children's play area and a VIP suite to Woodbury Common Premium Outlets in Central Valley, New York.

Courtesy of Simon Property Group

> "The more our lives move online, the more we seek visceral, high-impact experiences in the real world. Great spaces don't just facilitate transactions; they create moments."
>
> *David Glover, mixed-use and retail centers leader, Gensler*

placemaking. Others will pivot, turning into mixed-use urban hubs with a blend of residential, retail, office and entertainment. The era of the mall as we knew it is over, but the opportunity to redefine these spaces is just beginning."

The future of any specific mall largely depends on its location, condition and market potential, according to those interviewed. Premium locations may justify major redevelopment or partial demolition to create mixed-use spaces that integrate housing, offices and retail. Success relies on understanding local market demands, collaborating closely with city officials, securing appropriate financing and strategically rethinking property uses to align with community needs.

Scardina of Cushman & Wakefield emphasized the need for careful analysis: "Developers must analyze trade areas — how far consumers travel, local demographics, existing businesses — to avoid duplication. Mixed-use developments require an understanding of both resident and community needs, considering factors such as traffic and parking. Developers, including Edens, Kimco, Jamestown, Brookfield, Westfield, Simon and Tanger are introducing experiential retail into their developments to increase consumer engagement and expand the centers' performance."

She further suggested that some malls may require only cosmetic updates rather than complete redevelopment. When located in engaged communities with sufficient population and income, these malls may present excellent investment opportunities. "Grocery-anchored shopping centers thrived during the pandemic and remain attractive investments today," she said. "Developers are adding health, wellness and cosmetics brands as well as boutique gyms to further engage consumers. Developers are analyzing community needs to drive traffic, duration and repeat visits. This strategy helps to enhance property values."

Simon's redevelopment of Brea Mall in California features 119,000 square feet of retail brands, eateries, entertainment destinations, an athletic club and 380 new luxury apartments with plaza views.

Courtesy of Simon Property Group

Cost of Experiential Retail

Integrating experiential retail can significantly enhance consumer engagement and the long-term profitability of a development. However, these types of projects typically involve considerable upfront investments.

"Cost is a major challenge," Rome acknowledged. "Delivering experiential retail, elevated designs, landscaping and marketing is expensive. However, research indicates many consumers, particularly millennials and Gen Z, are willing to pay a premium for quality, creating long-term value."

Glover emphasized the complexity of developing experiential retail spaces. "Developers navigate a maze of zoning, environmental challenges and infrastructure costs, but those who get it right drive value. In a world where retail is increasingly commoditized, the most successful places don't compete on price, they compete on experience."

Local Government Can Help

Local government can be instrumental in the success of experiential retail projects. Rather than serving merely as regulatory entities, they can act as collaborative partners that are deeply invested in community revitalization. By streamlining zoning processes, offering incentives and fostering cooperative relationships with developers, municipalities actively support projects that promise economic growth and increased foot traffic. This collaborative approach can significantly shorten development timelines and ensure projects align with community aspirations.

"Generally, local government is receptive and excited because these projects represent investment in the community and enhance the quality of life for residents," Rome said. "Our research shows many consumers strongly prefer experiences in their leisure activities, and cities recognize that to remain relevant, they need to provide these experiences."

Glover shared a similar vision, emphasizing the centrality of community: "Developers and local governments need a relationship built on trust, not transactional approvals. The best projects happen when developers truly listen, engage and integrate local needs rather than just ticking boxes."

Scardina underscored the complexities involved in such partnerships: "Every community is unique, but generally we see a wide range of collaboration between developers and local governments. There are numerous considerations, including zoning, impact on traffic patterns and end use for the area under development. These projects can be complex for the developer and the local government, but they often lead to strong outcomes for the community."

Future Trends

What will experiential retail look like in the future?

"The future belongs to spaces that multitask," Glover said. "Successful places aren't just where you shop or eat — they're where you live, work and play. The best-designed spaces respect people as multifaceted individuals, not just consumers. But content is king — if you're not continuously activating the space, you're losing relevance. The future is local, immersive and human-centered. Public spaces are becoming the new town squares, fostering community traditions and social cohesion in ways we haven't seen in decades." ■

Ron Derven is a contributing editor to Development magazine.

Historical Meets Industrial

The Birmingham sits just outside of downtown Toronto in South Etobicoke, one of the city's earliest employment districts.

A new warehouse campus in Toronto embraces the future while honoring its manufacturing heritage.

By John Egan

AT A GLANCE

QuadReal Property Group's warehouse campus was the former home of a 1930s-era Campbell Soup factory.

QuadReal preserved part of the factory's distinctive facade while building new warehouse space.

The project was designed to blend with and minimize impact on the surrounding neighborhood.

Courtesy of QuadReal Property Group

The Birmingham, a three-building speculative warehouse campus located 3 miles from downtown Toronto, features a striking architectural element — an art deco, red-brick facade standing 26 feet tall and stretching 280 feet wide. This preserved facade, a rare feature for an industrial project, fronts one of The Birmingham's sleek steel-build warehouses, blending history with modern functionality.

The site was once home to a 1930s-era Campbell Soup factory that closed in 2019 after the company decided to relocate production to the United States. Vancouver-based QuadReal Property Group acquired the 18.8-acre complex that same year and retained its southern facade as a nod to the site's historical significance while demolishing the rest of the factory. Completed in mid-2024, the 398,000-square-foot project demonstrates the balance between preserving history and creating commercial value.

Honoring the Site's Legacy

For nearly four generations, the Campbell Soup factory was a cornerstone of South Etobicoke, one of Toronto's earliest employment districts. QuadReal recognized the factory's cultural significance but found a full warehouse conversion impractical due to its two-story structure and

The preserved and restored red-brick facade pays homage to the site's historical use and the important role the former soup factory played in the life of the community.

> “We take pride in the history of our buildings and the communities we operate in. Therefore, we took a careful approach to incorporating historical elements into the redevelopment.”
>
> *Gus Tsoraklidis, senior vice president of industrial, Eastern territory, QuadReal Property Group*

uneven flooring. Instead, the team opted to preserve and restore the historical facade while building new warehouse space.

"During the demolition process, we salvaged as many bricks and masonry elements as possible," said **Gus Tsoraklidis**, senior vice president of industrial for QuadReal's Eastern territory. To complete the restoration, additional bricks were sourced from the U.S. to match the original materials.

The preservation of the facade required meticulous planning. "We cataloged the salvaged bricks to ensure none were misplaced," said **Frank Di Roma,** Canadian regional vice president at Ware Malcomb, the project's architectural firm. By thoroughly auditing the site at the start, the team minimized surprises during construction, keeping the project on schedule.

One of the audit's key findings: It would be more efficient to build new one-story structures rather than maintaining the factory's two-story setup.

"We were going to reuse the building for multilevel [warehousing], but we were having a hard time figuring out the loading area because there are only two doors," Di Roma said. "To have the building function as a multistory, you need an adequate loading area. So we abandoned the idea and only maintained the exterior facade for historical reasons."

QuadReal didn't receive any tax credits or incentives to maintain the facade or build the project, Tsoraklidis said. Because the site lacked an official heritage designation, QuadReal wasn't required to preserve any portion of the old factory. However, the company proactively approached Heritage Toronto, a charitable agency of the city's municipal government, for help incorporating a historical element into a modern warehouse. That action was

Courtesy of QuadReal Property Group

An aerial of the former Campbell Soup factory site in 1951.

Courtesy of QuadReal Property Group

taken in part to pay homage to the site's historical use, as well as to prominent Toronto architecture firm Mathers & Haldenby, which designed the original factory.

"It provides a unique look and feel to the industrial building and integrates well into the surrounding community," Tsoraklidis said. "The cost of the preservation was into the seven figures and required a lot of people hours to properly plan and execute."

An Art Deco Inspiration

Tsoraklidis said the facade, now incorporated into one of the site's three warehouses, and the former factory's art deco aesthetic inspired QuadReal to ensure the redevelopment showcased the site's roots. The company hired ERA Architects to research the site's historical significance, dating back to when construction of the factory began in 1930. The study, which traced various additions to the factory, was crucial to planning the property's redevelopment, he said.

"We take pride in the history of our buildings and the communities we operate in," Tsoraklidis said. "Therefore, we took a careful approach to incorporating historical elements into the redevelopment."

The southern facade consists of two components: the original 1930s section along with a 1940s section that had been hidden behind a now-torn-down extension built in the 1980s. One of the greatest challenges in keeping the facade intact was protecting it while warehouses were being built around it, Di Roma said.

"The team came up with a demolition plan that left enough of the former building standing so that the heritage facade was able to stand on its own without having to be retained," Tsoraklidis said. "When it came time to build the new distribution centers behind the heritage

KEY FEATURES OF THE BIRMINGHAM

- Flexible floor plans to accommodate multiple tenants
- 36-foot clear heights
- 86 loading docks
- 6 drive-in doors
- 3-mile distance from downtown Toronto
- Rooftop solar panels and solar-generated power
- Electric vehicle charging stations
- On-site bike racks
- Concrete in the truck courts to reflect sunlight and reduce urban heat island effects

"The design of all the elements of the building were based on market standards and our experience as an industrial landlord," said Gus Tsoraklidis, senior vice president of industrial for QuadReal Property Group's Eastern territory. "Many of the decisions, including the number of loading docks, were made to ensure that the building is future-proofed."

The Birmingham's new steel-build warehouses speak to the site's purpose as a strategic last-mile logistics hub.

Courtesy of QuadReal Property Group

facade, the final demo was phased — done bit by bit — with rebuilding to ensure the facade remained upright without a retention system."

Tsoraklidis said this option was the most cost-effective and schedule-effective strategy for tackling the project's heritage aspect.

To accentuate the rehabilitated facade, wall sconces were installed on the brick columns, and windows — some of which had been bricked up — were updated. The style of the windows for the adjacent warehouse space loosely mimics the window style for the facade. "The warehouse windows aren't meant to be a copy," Di Roma said. "It's more like we took inspiration from the heritage facade."

PROJECT TIMELINE

Property acquisition:
2019

Demolition:
January-April 2021

Construction:
Q2 2022-Q1 2024

First occupancy:
Q1 2024

The contractor, Mississauga-based Leeswood Construction, used steel superstructures and insulated metal panels for three of the four walls of each warehouse to improve efficiency. For each side where a dock is situated, the contractor used precast concrete panels to improve durability.

Community Engagement and Design Considerations

Throughout the redevelopment, QuadReal prioritized community engagement. Project representatives regularly conferred with city staffers, met with community members, shared project updates with officials at a nearby school, and listened to and addressed stakeholders' concerns. Despite some criticism that the project should have included residential or commercial elements, Tsoraklidis explained that the site's zoning and its suitability for industrial use guided its redevelopment as an urban logistics hub.

Because the site was already zoned "employment industrial," QuadReal simply needed to obtain site plan approval to proceed with the project. Although the approval process didn't require

TROPHY INDUSTRIAL

A Marcal Paper warehouse and its iconic neon sign stood in Elmwood Park, New Jersey, for nine decades before being destroyed by fire in 2019. When Crow Holdings Development bought the 12-acre site in 2022, the company determined to design a building that reflected the site's history. Read "Trophy Industrial: A Call to Inspire Creativity, Legacy and Community" in Development's Fall 2024 issue to learn more (naiop.org/research-and-publications/magazine).

"The project blends with the neighborhood. It's a clean, modern development that doesn't resemble a typical industrial park."

Frank Di Roma, Canadian regional vice president, Ware Malcomb

coordination with the public, Tsoraklidis said, neighborhood interest in the development was strong enough that QuadReal hosted community meetings and posted updates on a dedicated website to keep the public informed.

To minimize the project's impact on the neighborhood, the truck court was placed below grade and a visual and sound barrier was installed between two adjacent warehouses. The warehouse exteriors feature gray, black and white tones — colors commonly used in residential properties — to harmonize with the surroundings. Additionally, most vehicle traffic enters from the west side to avoid congesting residential streets, and extensive landscaping enhances the site's appeal.

"The project blends with the neighborhood," Di Roma said. "It's a clean, modern development that doesn't resemble a typical industrial park."

Pre-construction feedback from neighbors centered on concerns about truck traffic, noise and light pollution, Di Roma said.

"QuadReal had to sell the project as a benefit to the public beyond providing employment," he said. "The landscaping around the site was important when we developed the marketing renderings because it made the existing streetscape more hospitable … and the trees will hide the buildings when mature."

The civil engineering component of the project proved to be difficult, Di Roma said, due to the "aggressively" sloping nature of the property.

"The site plan design utilizes retaining walls and loading areas at separate elevations for this reason," he said. "In general, the organization of the loading from an industrial development perspective was quite an elegant solution to what was a very challenging site. The current configuration of buildings — all three in parallel — was a result of grading to minimize retaining walls and exposed foundations. Also, we could utilize retaining walls and office space to screen loading from the neighboring residential area, reducing noise and light pollution."

Additionally, QuadReal has earmarked money to improve nearby streets, including the addition of speed bumps and crosswalks, according to Tsoraklidis.

Aside from dealing with the site's sloping terrain, obstacles included removing coal ash left over from the coal-powered plant and disposing of oil from above-ground storage tanks and various spills, Tsoraklidis said. One unusual discovery: buried clam shells likely left over from the former production of clam chowder.

A Strategic Last-mile Hub

Construction on the speculative warehouse campus was completed in the first quarter of 2024. Now a neighborhood fixture, The Birmingham's three distribution centers measure 119,393 square feet, 120,671 square feet and 157,710 square feet. As of March 2025, the project was 60% leased to logistics and entertainment industry tenants. "This is in line with our projections for the property," Tsoraklidis said.

The Birmingham site boasts several strategic advantages, including a substantial customer base of 848,000 people within a 10-kilometer (6.2-mile) radius. Additionally, 5.5 million customers can reach the site within a 60-minute drive, even during peak traffic hours. The site is also accessible to 1 million service workers within a 60-minute driving radius during rush hour. Furthermore, the facility offers a significant decrease in transportation costs to the Toronto core, with a 50% or greater reduction compared with shipping from traditional first-mile submarkets.

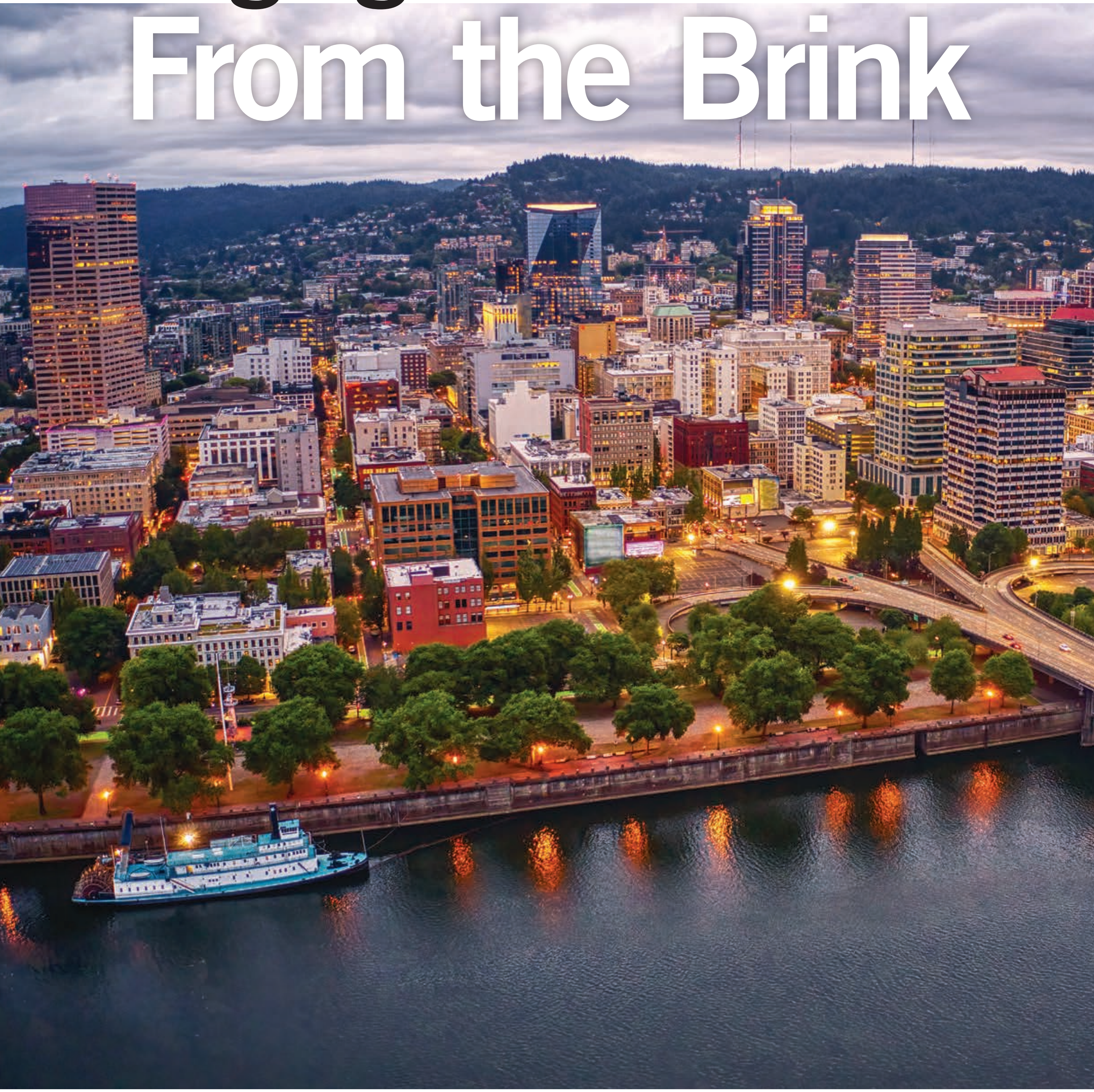
One aspect that made the Toronto property practical for industrial use is that The Birmingham maximizes the density of the site more than the Campbell Soup factory did, according to Di Roma. Previously, the two-story factory space encompassed almost 617,000 feet across a "mish-mash" of eight buildings, but that space wasn't laid out efficiently, he said. By comparison, The Birmingham's nearly 400,000 square feet contain just three buildings that optimally use the 18.8-acre site.

No matter its size, The Birmingham pays tribute to a 1930s-era structure while capitalizing on 21st-century demand for ever-faster delivery of goods.

"Preserving history in industrial redevelopment is uncommon," Tsoraklidis concluded. "This approach is more typical in office or residential projects. The Birmingham gave us a rare opportunity to blend the past with the future in a meaningful way." ■

John Egan is a freelance writer, editor and content marketing strategist in Austin, Texas.

Bringing Portland Back From the Brink



Portland's setting, climate and high quality of life held widespread appeal for residents, tourists and real estate investors before the pandemic.

Jacob Boomsma via iStock/Getty Images Plus

A coalition of Oregon real estate organizations is working to change the city's trajectory by influencing policy at multiple levels.

AT A GLANCE

Portland's real estate prospects have dimmed considerably since the pandemic.

Land constraints, increased regulations, new taxes, and policies regarding homelessness and drug possession have each played a role.

Leading commercial real estate trade organizations aligned to form the Revitalize Portland Coalition and recommend new policies.

By Gerard C.S. Mildner

No American city has fallen as fast as Portland, Oregon, in the eyes of national real estate investors. In the 2010s, Portland was a beacon for investors seeking a secondary market that offered a high quality of life and high barriers to entry, potentially creating conditions for above-average rates of return. In 2017, Portland ranked third out of 78 markets for overall real estate prospects in the Urban Land Institute's Emerging Trends report.

With the pandemic, the 2020 political protests, widespread homeless camping, and a flurry of regulations affecting real estate development, Portland's reputation plummeted precipitously. By 2021, the city's ranking had dropped to 66th out of 80 markets; this year it ranks 80th out of 81 markets.

This article discusses some of the conditions in the Portland market that led to its decline in rankings, describes the Portland real estate community's efforts to revitalize the economy, and suggests strategies that leaders in other markets with similar issues can adopt.

Downtown Portland has struggled to recapture its vibrancy since the pandemic, with office vacancy rates remaining at 35% this past March.

benedek via iStock Unreleased

The Portland Metro UGB has expanded by only 15% in acreage over the past 45 years, while the region's population has grown by 80%. The policy has increased land costs and housing costs.

The Growth of Regulations

Oregon's land use regulations have been in place since 1979, following high levels of in-migration the previous decade. The system restricts urban development to identified urban growth boundaries (UGBs), which are established locally and approved at the state level. Outside UGBs, housing development is restricted to one or two dwelling units per parcel, with limitations on subdivision to protect farmland and forestry land.

In theory, each UGB is designed to accommodate 20 years' worth of population and employment growth. In practice, local officials can assume high-density growth that minimizes the need to expand their UGB. For example, the Portland Metro UGB has expanded by only 15% in acreage over the past 45 years, while the region's population has grown by 80%. The policy has increased land costs and housing costs. In the metro area, land prices are approximately 20 times higher within the UGB, with some variation by location. The Portland area's median home price is $597,500, compared with a national median home price of $412,400.

Land-extensive sectors of the real estate industry are most affected. Industrial real estate developers have been challenged in finding parcels to serve the Portland market, turning to exurban locations outside the jurisdiction of Metro (the elected government for the greater Portland area) for new development. Housing production has fallen considerably since the 1990s despite the increased population, with the greatest decline being in single-family homes, which use more land per unit compared with multifamily. Builders have adopted smaller lots, row houses and apartments in new developments.

Beyond the chronic issue of land constraints, Portland's real estate industry has faced increased regulations, particularly in the multifamily housing sector. Some of these regulations were pioneered in Portland and later implemented or expanded statewide:

Inclusionary zoning (2016): Portland mandated that developments with 20 or more units include below-market-rate rents on a portion of those units, effectively acting as a tax on developers to fund social benefits.

Relocation assistance (2017): Portland landlords must pay tenants \$2,900–\$4,000 (depending on unit size) for large rent hikes (10% or more), no-cause evictions or lease nonrenewals.

Rent control (2019): Senate Bill 608 capped rent increases at inflation plus 7% (or 10%, whichever is lower) for buildings over 15 years old.

In addition, Oregon's income taxes are already among the highest in the U.S. with rates up to 9.9%. This was further complicated by two new tax measures approved by Portland-area voters in 2020:

Measure 26-210: A 1% income tax surcharge and a business tax to fund homeless services.

Measure 26-214: An income tax increase (up to 3%) for high earners to fund preschool education.

With no sales tax and restrictive property tax policies, Oregon relies heavily on income taxes, making Portland less attractive for investment compared with nearby Washington state, which has no income tax.

The accumulation of new taxes and regulations has created a deep shadow over the Portland real estate market and economy. Housing supply has been restricted over a long period of time. Higher-density development is encouraged by permissive aspects of zoning in the region but often results in higher cost per square foot compared with two-story construction. In addition, higher-density construction is expected to contribute to social welfare benefits in the region due to mandates for below-market-rent apartment units.

From an economic development perspective, the higher income tax rates in Portland and, to a lesser extent, its suburbs have become a challenge. Recruiting talent in higher-paying professions such as medicine, law, engineering and professional athletics has become more difficult.

Economist **Mike Wilkerson** of the consulting firm ECONorthwest has argued the city has entered an "urban doom loop" where high taxes deter in-migration of higher-income households, homelessness and social disturbances in downtown Portland deter business recruitment and office occupancy, and declines in property values and taxes lead to reduced public services and amenities.

In the past five years, the population growth engine that supports the metro area's economy has stalled. After years of steady population growth, Oregon experienced a decline of 30,000 people in 2021-2023. The only metro-area county to increase population was Clark County, Washington, although by a smaller amount than the Oregon counties lost.

The Pandemic, Drug Policy and Protests

Downtown Portland had been a major success story for the city. Using urban renewal and key infrastructure investments, Portland revitalized an industrial district immediately north of downtown into the mixed-use Pearl District, featuring bookstores, art galleries, offices, apartments and condominiums. Other efforts had also improved the South Waterfront District next to downtown

Portland's real estate industry has faced increased regulations, particularly in the multifamily housing sector. Some of these regulations were pioneered in Portland and later implemented or expanded statewide.

Under a policy adopted during the pandemic, camping tents and tarps were distributed to Portland's homeless population, allowing people to reside on downtown sidewalks.

Mark Youso via iStock Editorial/Getty Images Plus

and the Lloyd District immediately across the Willamette River. Downtown Portland was working toward creation of "18-hour districts" of walkable neighborhoods and a mixed residential-office population.

The pandemic reversed these positive trends. As office workers moved to online employment, the heart of downtown became depopulated. Portland's downtown office market had one of the highest vacancy rates in the country, remaining at 35% as of March 2025.

During the pandemic, Multnomah County adopted a policy to support homeless residents living outdoors, distributing camping tents and tarpaulins to allow people to reside on downtown sidewalks, in parks and on vacant lots. This decision coincided with a November 2020 voter initiative aimed at decriminalizing possession of hard drugs, which resulted in the emergence of drug markets and criminal activities around homeless encampments. This policy remained in effect until the state Legislature recriminalized hard drugs in September 2024.

Compounding the area's distress were the riots following the murder of George Floyd in May 2020. This sparked nightly protests in downtown Portland, which further deterred office workers and apartment dwellers.

The combination of these dramatic events led to Portland becoming a symbol of an ungovernable city. While most area residents live outside of downtown Portland, the troubled conditions there severely damaged the reputation of livability the city had worked hard to achieve.

The Real Estate Industry's Call to Action

At the annual Institute for Real Estate Management (IREM) Forecast Breakfast in December 2021, Portland real estate investor and philanthropist **Jordan Schnitzer** called on the real estate industry to reorganize itself to foster better ideas for governing the city of Portland.

Criticizing local politicians for failing to consult with the business community and improve conditions in downtown Portland, he encouraged the leadership of IREM, BOMA and other groups to hold a joint meeting and "develop a strategy together with an executive group to speak with one voice."

Schnitzer's invitation prompted those leaders to meet and plan for a new organization. According to **Evan Bernstein** of Pacific Northwest Properties, who was then president of NAIOP Oregon, "One of my goals as president was to collaborate with leading commercial real estate trade organizations such as CAB, IREM, SIOR, BOMA, CCIM, CREW and others to leverage our collective expertise. This aligned seamlessly with the formation of the Revitalize Portland Coalition (RPC), as we were already coming together."

The coalition formed an eight-member board of directors, including representatives from NAIOP, IREM, CCIM and Multifamily NW, and established committees to recommend policies. To lead these efforts, RPC hired **Erik Cole**, a former elected member of the Nashville-Davidson County (Tennessee) Metro Council.

RPC adopted several aspirational "bright line" policy recommendations, including ending rent control, mandatory inclusionary zoning, local income taxes and unsheltered homelessness, and enforcing property crimes and laws on hard drugs.

Challenging Homelessness Policy

The first RPC event, in September 2022, was a symposium on homelessness that highlighted problems with regional policies. Panelist **Alan Evans**, founding director of Helping Hands, a homeless services provider, described the challenges of getting funding for programs that emphasize sobriety and work rehabilitation. **Bob Day**, who was later appointed Portland's chief of police, explained how changes in policing policies since the 1990s had contributed to increased homeless camping.

Following that start, RPC joined other groups in challenging Multnomah County's homeless services program, including its policy of distributing tents and tarps so that people can live on downtown sidewalks and allowing continued drug use by residents of homeless shelters. Drawing on policy models in Houston and San Diego, the coalition also called for ending "housing first" strategies in favor of focusing on shelters, vouchers and individualized rehabilitation strategies.

Reforming Criminal Justice and Drug Policy

When Oregon voters passed Measure 110 in November 2020, it legalized the

REVITALIZE PORTLAND COALITION

RPC is a collective of commercial real estate professionals dedicated to enhancing Portland's livability and economic vitality. The coalition's primary focus areas include:

Homelessness: Advocating for effective strategies to address homelessness, such as gathering real-time data on homelessness in downtown Portland, engaging with stakeholders, hosting discussion sessions and advocating for systemic change with various levels of government.

Crime and safety: Promoting downtown safety by educating property owners and managers and increasing participation in graffiti removal and storefront replacement programs to reduce the number of boarded-up businesses.

Public image: Improving Portland's public perception by supporting initiatives that enhance the city's appeal and communicating to elected leaders that the current conditions in the metro area need improvement.

Economy and housing: Advocating for regional economic growth by addressing land availability, infrastructure and housing development.

County and city endorsements: Evaluating and endorsing candidates for local offices who align with the coalition's mission.

For additional information, visit the coalition's website at revitalizeportland.com.

Many businesses throughout downtown Portland boarded up windows due to nightly occurrences of rioting and social unrest.

Mark Youso via iStock Editorial/Getty Images Plus

possession of small amounts of hard drugs, including heroin, cocaine, methamphetamines and fentanyl. This legislation made it more challenging to enforce drug-selling crimes because users could not be compelled to testify against dealers. Additionally, since most shelters were low barrier and did not require identification, sobriety or income verification, active drug markets emerged in areas where homeless individuals were housed. This also made shelters less appealing to many homeless people who might have otherwise sought assistance.

The measure, advanced by the New York-based Drug Policy Alliance, was supported by Multnomah County District Attorney **Mike Schmidt**, who was elected on a reform agenda that emphasized targeting violent crime and less enforcement of property crime.

RPC responded by criticizing Measure 110, which many voters saw as an extension of Oregon's relatively successful legalization of marijuana. Unlike marijuana, however, no legal markets existed for the production or sale of heroin, cocaine and other drugs, so criminal activity predictably increased. RPC's work was complemented by an effort by leading business and civic leaders to sponsor a repeal referendum.

The coalition promoted the candidacy of Multnomah County prosecutor **Nathan Vasquez**, who challenged Schmidt on his administration of the district attorney's office and the decision not to prosecute property crimes. Vasquez subsequently won the May 2024 primary with 56% of the vote and assumed office in January.

The Oregon Legislature passed House Bill 4002 in April 2024, returning criminal penalties for drug possession and encouraging communities to create diversion programs to steer users of illegal drugs to treatment. The legislation was implemented in September 2024, with overall effects too early to assess.

A New City Council and the 2024 election

From 1913 to 2024, Portland operated a form of government whereby four commissioners and a mayor were elected to form a five-member city council. Each commissioner would manage some of the city's bureaus, with assignments made by the mayor. This "weak mayor" form of government has received criticism for lacking both professional administration within each bureau and coordination between bureaus.

In 2022, a city charter review commission proposed a new form of government with a 12-member City Council, elected in four multimember districts using a ranked-choice voting scheme. An elected mayor would govern the city and appoint a city manager.

This wholesale revision of Portland's city government created a significant challenge for RPC because all five elected positions in the old government would expire, and an election for 13 new positions would take place in November 2024. Twenty candidates entered the race for mayor, and 93 candidates filed to run for the 12 City Council positions.

RPC spent much of the 2024 campaign interviewing candidates and recommending endorsements to its member organizations. Of the 12 city councilors elected, four were endorsed by RPC. **Keith Wilson**, the owner of a local trucking company, emerged as the surprise victor in the mayoral election, defeating three city commissioners (among others), partially on a promise to end unsheltered homelessness.

Preparing RPC for the Future

RPC's experience is instructive for real estate organizations and NAIOP chapters in other parts of the country. In three years' time, a new coalition of real estate organizations has helped to change city, county, regional and state government. Through RPC, NAIOP Oregon was able to establish an alliance with property managers, real estate investors, single-family developers, realtors and the construction industry. Sometimes those relationships were within the coalition, and sometimes they represented partnerships between RPC and outside groups.

RPC is a lean organization with a single executive director, but that person complements the existing lobbying activities of NAIOP Oregon and other groups. RPC and NAIOP have focused energies on the three levels of government headquartered in downtown Portland — the City of Portland, Multnomah County, and Metro. The inclusion of Multifamily NW inside the coalition creates an outlet for RPC members to lobby on statewide issues. RPC members participated in Multifamily NW's "Day on Capitol Hill" event, bringing their own expertise and concerns to state legislators.

Portland remains a region of great potential given its setting, climate and, for most people, a high quality of life. Changes in local and state politics from 2019 to 2022 created significant roadblocks to housing affordability and economic vitality. Only by developing strong alliances and clear policy messages can the real estate industry reverse those trends. ■

Gerard C.S. Mildner is a professor emeritus of finance and real estate at Portland State University. He served on NAIOP Oregon's Board of Directors from 2013-2022 and currently serves in the same capacity for RPC.

RPC's experience is instructive for real estate organizations and NAIOP chapters in other parts of the country. In three years' time, a new coalition of real estate organizations has helped to change city, county, regional and state government.

Rethinking the Capital Stack Strategy

An aerial rendering of how Reservoir Square will appear upon completion, including the introduction of a fresh food grocery store to the neighborhood.

A mixed-use project in West Baltimore requires creative financing and strategic collaboration between public and private stakeholders.

AT A GLANCE

Reservoir Square has **secured $**44 million in **investment** from public and **private** partners.

The development team **focused** on market-**rate townh**omes to spur **economic de**velopment and **fund infrast**ructure for the **mixed-u**se project.

A new centralized hub for **employmen**t services in **Baltimore** will anchor the **devel**opment.

Courtesy of MCB Real Estate

By Theresa Stegman, MCB Real Estate

Before the first wrecking ball swings or the crane lifts steel into place, MCB Real Estate, an institutional investment management firm and developer based in Maryland, has already performed the heavy lifting by structuring a complex capital stack that mitigates risk, attracts investment and makes ambitious projects feasible.

At Reservoir Square in West Baltimore, a site once emblematic of the failed urban renewal movement, this approach is transforming an underutilized space into a self-sustaining development that leverages public and private capital. The neighborhood is situated in an area that has faced discriminatory housing practices and disinvestment, leading to significant disparities in access to stand-alone amenities, health care, education and employment.

As cities confront aging infrastructure and redevelopment challenges, lessons from this project could offer a blueprint for rethinking urban spaces, modernizing essential institutions and expanding opportunities for residents. Even in an inflationary climate, the right partnerships can bring a vision to reality, creating a lasting impact where it is needed most.

The first phase of Reservoir Square included restoring the street grid and creating 120 builder-ready townhome lots.

Courtesy of MCB Real Estate

A Personal Connection

Reservoir Square's outcome is particularly personal for **P. David Bramble**, managing partner and co-founder of MCB Real Estate, because he grew up nearby and would visit his mother's office in the former public housing project. Now, he and his wife are raising their three young children within the neighborhood. He describes the former site — an area once unfortunately dubbed "Murder Mall" — as "an extremely scary place." Bramble is in a unique position to make Reservoir Square a catalyst for development in West Baltimore and, he hopes, a national model.

"Across urban America, decades of disinvestment and exclusionary practices have left deep scars on communities that once thrived," Bramble explained. "In Baltimore, these challenges are particularly evident in long-overlooked neighborhoods like the one I live in. It is extremely important to demonstrate the impact of a mutually beneficial private-public partnership that can make a powerful and sustainable difference and bring investment to deserving communities."

In December 2024, Reservoir Square achieved a major milestone by securing a $44 million investment from public and private partners. But the road to success is rarely smooth; potholes are inevitable and overcoming them requires a team that can adapt quickly and chart a new course when needed.

Overcoming the Appraisal Gap and Limited Traditional Funding

In 2017, a joint venture of MCB Real Estate, Atapco Properties and MLR Partners acquired control of the 8-acre public housing site formerly known as Madison Park North. The site's size provided the proper scale to create a mixed-use redevelopment project with a vision to create an inclusive community integrating residential,

Part of the motivation behind developing Reservoir Square is to address the need for middle-class homeownership in Baltimore. As phase one of the project nears completion, 50 homes have been sold.

Courtesy of MCB Real Estate

commercial and public spaces. The vision is intended to promote active community interaction, strong economic growth and a renewed sense of prosperity for residents.

Following an iterative process with community leaders, the development team designed a master plan that offers myriad housing and retail options, all with the purpose of meeting a range of community needs.

The development faced initial challenges, including an appraisal gap and limited access to traditional funding. An initial $2 million grant from the Maryland Department of Housing and Community Development's Project CORE, a grant focused on demolishing vacant buildings and stabilizing properties in Baltimore to revitalize neighborhoods, funded the demolition of the vacant housing project. However, the team needed creative funding for the remainder.

The team pivoted to focus on market-rate townhomes to drive economic development and fund infrastructure, thereby addressing the need for middle-class homeownership in Baltimore while also introducing essential amenities, including a neighborhood fresh food grocery store. To reach the nearest supermarket currently requires a 30-minute walk.

Proceeds from lot sales, along with revenue generated from a front-foot benefit — a fee assessed to homeowners to fund the construction of water and sewer lines connecting their properties to public infrastructure — also helped fund a portion of the overall infrastructure costs.

Phase one of Reservoir Square, launched in 2022, involved demolition of the remaining foundations, grading, utility connections, restoration of the street grid into the superblock, and creation of 120 builder-ready townhome lots. In addition to a $9 million

“It is extremely important to demonstrate the impact of a mutually beneficial private-public partnership that can make a powerful and sustainable difference and bring investment to deserving communities.”

P. David Bramble, managing partner and co-founder, MCB Real Estate

The mixed-use development will include a new 68,000-square-foot headquarters building for the Mayor's Office of Employment Development.

Courtesy of MCB Real Estate

investment from the development team, this work was supported by another $3 million in CORE funding, a deposit from the homebuilder and $500,000 from the state's capital budget. A critical partnership with the Maryland Economic Development Corporation (MEDCO) to "purchase" portions of the infrastructure helped structure the funding to minimize unintended tax liability.

However, the project's construction time-line did not align with the CORE funding cycle, creating a gap that could have stalled progress. To overcome the timing mismatch, the team secured a $3 million bridge loan from the Neighborhood Impact Investment Fund (NIIF), a Community Development Financial Institution (CDFI) Fund dedicated to inclusive growth in Baltimore's disinvested neighborhoods. This initial bridge loan became the foundation of a long-term partnership that proved invaluable in navigating the complexities of the next phase: the introduction of commercial development at Reservoir Square.

Phase one set the stage for transformation by leveraging a carefully structured capital stack. As this first phase nears completion, over 50 homes have been sold, representing the most affordable new construction in Baltimore. Townhomes were initially priced in the upper $300,000s but have recently sold for as much as $489,000.

Still, when looking ahead to future phases, the development team faced funding gaps and had to carefully assess development costs versus projected value. Reservoir Square's challenges — including its location in an underserved area and the fact that construction costs exceeded the completion value of any commercial use — made the situation complex. Nevertheless, the team remained committed to shaping a vision for phase two and driving progress forward.

Employment Services Provider Emerges as Key Driver

With infrastructure secured, the MCB-led development team meticulously explored multiple site iterations for phase two, understanding that the mixed-use project needed a high-profile anchor to address Baltimore's most critical needs. The solution emerged through collaboration with the Mayor's Office of Employment Development (MOED), the city's employment development arm for Baltimore's employers and job seekers.

MOED operates six outdated structures that were originally built for much different uses, lack modern infrastructure and are too large for its needs. The facilities are dispersed throughout the city and situated in areas that are not well served by public transportation. The city expressed interest in consolidating all of MOED's offices into a single central location. The development team proposed construction of a new state-of-the-art facility at Reservoir Square to serve as a comprehensive hub for all employment services. The 68,000-square-foot building would include a café and workspace for 120 employees. To ensure the project's financial viability, the team sought a structure that would provide both immediate affordability and long-term stability.

The building's construction costs alone would total $30 million. To make the rent feasible within the city's operating budget, a $15 million to $20 million subsidy was necessary. A traditional private lease structure did not appear to be the right solution, so the development team took a more creative approach. Bond financing and a modified sale/leaseback structure offered a way to secure lower-cost capital by leveraging future lease payments to attract investors. By using tax-exempt bonds, the project could lock in lower interest rates, reducing long-term costs and making the development financially viable despite rising construction expenses.

To achieve this, the Reservoir Square team once again turned to MEDCO, which had the authority to issue tax-exempt bonds at rates 200 basis points lower than traditional lending. Meanwhile, NIIF reinforced its commitment with $6.1 million in bridge financing for the office phase.

The project was also eligible for New Markets Tax Credits (NMTCs), but this structure — which is premised on a taxable investment — typically does not align with tax-exempt bonds. To navigate this incompatibility, the development team structured the deal by involving the P3 Foundation, a nonprofit borrower, as a conduit for the financing. The team secured enough funding to move forward through grants, including $15 million from Baltimore City, $1 million from the state capital budget, and $1.5 million in CORE funds, along with the private investment generated from a NMTC allocation from a Community Development Entity (CDE). However, the clock was ticking, with a looming deadline of Aug. 31, 2024, to close the deal or lose eligibility for NMTCs, as the area was no longer classified as "distressed" according to the latest census data.

Ironically, the area had improved so much under phase one of Reservoir Square that the site no longer qualified for federal needs-based programs, yet market values had not risen

Ironically, the area had improved so much under phase one of Reservoir Square that the site no longer qualified for federal needs-based programs, yet market values had not risen enough to support traditional financing.

Courtesy of MCB Real Estate

P. David Bramble (center back) at the groundbreaking for Reservoir Square.

enough to support traditional financing. Then, mere weeks before the deadline, the CDE unexpectedly backed out, leaving no time to secure another NMTC lender. All the progress made seemed to be unraveling, leaving the development team facing the prospect of starting over.

Public and Private Partners Pull Together

The team carefully restructured the deal, removing and repositioning key pieces without letting it collapse, like an expertly executed game of Jenga. Given MOED's importance to the city, and because of the relationships cultivated throughout the development process, the remaining deal partners pulled together to restructure the transaction. The project was kept alive by eliminating the NMTC components, simplifying the lease structure and securing an additional $1.5 million in competitive CORE funds to close the gap.

Mesirow, an independent financial services firm, underwrote $24 million in tax-exempt lease revenue bonds issued by MEDCO, financing a significant portion of the construction costs for MOED's new office headquarters. The highly complex financing process required coordination across multiple funding sources and getting the bond investors comfortable with new construction. Despite these hurdles, the team secured a high investment-grade rating and low interest rate, ensuring the project's long-term financial sustainability while advancing the redevelopment of West Baltimore. With the successful closing of bonds in December 2024, the project broke ground in March, and MCB will oversee construction through completion.

This critical milestone would not have been reached without innovative problem-solving and strong collaboration among public and private partners.

"There were a lot of moving parts in this transaction. The role of MEDCO was to simplify this complex deal and wrap it into one bond issuance," said **Tom Sadowski**, MEDCO's executive director. "Several financing approaches and layers of capital stack were explored, and we viewed this as the best way to complete the deal and move forward with the development. Our team played the role of honest broker between MCB, the city and the Neighborhood Impact Investment Fund to run everything through the tax-exempt bond funnel."

Sources at Closing	
Bond Proceeds	24,252,815
Projected Interest Earnings	750,000
City General Funds	8,850,000
State Capital Budget	1,000,000
NIIF Loan	6,150,000
Sponsor Advance (Max Amount)	3,000,000
Total	**44,002,815**

Sources at Completion	
Bond Proceeds	24,252,815
Interest Earnings	750,000
City General Funds	15,000,000
State Capital Budget	1,000,000
CORE Funds	3,000,000
Total	**44,002,815**

The highly complex financing process required coordination across multiple funding sources and getting the bond investors comfortable with new construction.

The Reservoir Square financing package marked the first time in the past 30 years that this type of bond financing was completed in the city of Baltimore.

Creating a Model for Place-based Investment

By forming a coalition with the private sector and state agencies, the city leveraged its leasing power to generate a $44 million investment for West Baltimore, positioning Reservoir Square as a national model for transformative community development. The development includes a new American Jobs Center and the headquarters for MOED, which is generating 253 construction jobs and providing workforce services to more than 9,000 Baltimore residents annually.

"The extreme interest in and participation by various state and city public agencies, combined with the backing of private investment partners, has provided the fuel for Reservoir Square to make a substantial positive impact that will benefit West Baltimore City residents, businesses and related stakeholders," Bramble stated.

With a creative financing approach and a commitment to place-based investing, the MCB-led team overcame complex redevelopment challenges, demonstrating how strategic collaboration can revitalize historically underserved communities. As Reservoir Square moves forward, its 120 townhomes, commercial and retail space, and job training services will be positioned to create an economic and community hub, setting a precedent for future urban revitalization efforts.

The next phase includes a 20,000-square-foot retail center configured to support an urban-format grocery store. The development team has signed a lease with a grocery store operator and is about to commence site prep.

Final delivery of all phases of Reservoir Square is expected by late 2026. In addition to meeting several critical neighborhood needs, the project will serve as an anchor node for the West North Avenue Development Authority, catalyzing further development, investment and revitalization throughout the area. ■

Theresa Stegman is vice president, development and structured finance, at MCB Real Estate.

Rightsizing the Federal Real Estate Portfolio

Disposal of underutilized properties could create challenges for the commercial real estate sector and local economies.

By Eric Schmutz

Since his inauguration in January, President **Donald Trump** has issued executive orders, presidential memorandums and presidential proclamations at a rate rivaling that of President **Franklin D. Roosevelt** during the Great Depression and World War II. It is too early to know which of his orders will survive legal challenges or future presidents, but it is clear that Trump's second term will have a lasting influence on the way future administrations govern.

Trump's executive actions have covered areas ranging from immigration and border security to tariffs, DEI programs and even the renaming of the Gulf of Mexico. However, it is the directive establishing and implementing the president's Department of Government Efficiency (DOGE) that has drawn the most attention and resulted in some of the strongest opposition to date.

In February, Trump signed another executive order implementing the DOGE cost-efficiency initiative. The directive reorganized the U.S. Digital Service (USDS), an office within the Office of Management and Budget that was established in 2014 to "deliver better government services to the American people through technology and design." The Trump executive order expanded the office's mission to include federal staffing, as well as oversight of federal grants and contracts. In an act of political gamesmanship, the order also changed the official name of USDS to the U.S. DOGE Service, allowing it to maintain its existing acronym.

The General Services Administration's original list of 443 non-core properties that it intended to list for sale included its own headquarters building.

JHVEPhoto via iStock Editorial/Getty Images Plus

Directives issued by USDS are technically recommendations made to federal agencies, which must then initiate the necessary procedures to fulfill the prescribed guidance. One of DOGE's recommendations is particularly relevant to the commercial real estate sector.

Selling Surplus Buildings

On March 4, the General Services Administration (GSA), the primary landlord and leasing agent for the federal government, published a list of 443 non-core properties that it intended to list for sale. The stated purpose of selling the buildings was to "ensure that taxpayer dollars are no longer spent on vacant or underutilized federal spaces." The original list, since withdrawn, included the GSA headquarters building itself, along with the headquarters of the U.S. Department of Agriculture, the U.S. Department of Housing and Urban Development, the U.S. Department of Justice, the FBI, and the Office of Personnel Management, as well as a lengthy assortment of other federal buildings across the country.

The sale of federal buildings is a common practice for GSA. Federal agencies are required to regularly survey properties to identify those that are no longer needed, and those designated as excess properties are reported to the GSA's Public Buildings Service (PBS).

When that happens, PBS takes control of that property and initiates a four-stage disposal process. First, PBS must offer the property for transfer to other federal agencies at fair market value. If the property is not transferred to another federal agency, it is designated as "surplus." PBS must then offer it to state and local governments,

> The sale of federal buildings is a common practice for GSA. Federal agencies are required to regularly survey properties to identify those that are no longer needed, and those designated as excess properties are reported to the GSA's Public Buildings Service.

followed by qualified nonprofits, for potential use in providing services to people without homes. If the surplus property is determined unsuitable for providing homeless services, and if no eligible entity has acquired it, PBS can offer it for use in providing other public benefits, including being converted for use as a school, correctional facility, hospital, park or airport. Only after the surplus property has not been accepted for any of these purposes can it be designated for sale, which is generally done through a sealed bid or auction process.

Federal Real Estate Leases

In the near term, the Trump administration may find success in terminating federal real estate leases. PBS Commissioner **Michael Peters** is calling for a 50% reduction in federal building space, both owned and leased. PBS has begun notifying landlords nationwide that federal agencies will terminate leases for nearly 800 offices and buildings deemed underutilized or vacant. However, not all locations will close by their targeted date; instead, agencies will either be required to negotiate new leases or relocate to different properties that better meet their needs.

Landlords with federal tenants are advised to consult an attorney and review their contracts. One aspect unique to federal real estate contracts is that the government does not have the right to terminate the contract for convenience. This is the result of standard language added to GSA real estate leasing contracts in 2016:

1.05 Termination Rights

"The Government may terminate this Lease, in whole or in parts, at any time effective after the Firm Term of this Lease, by providing not less than XX days' prior written notice to the Lessor. The effective date of the termination shall be the day following the expiration of the required notice period or the termination date set forth in the notice, whichever is later. No rental shall accrue after the effective date of termination."

While DOGE's efforts to dispose of underutilized properties to save taxpayer dollars may be laudable, it does create challenges for the commercial real estate sector and local economies. The influx of large federal properties into the market can affect local real estate dynamics. In some cases, it may lead to a temporary oversupply, potentially lowering property values and rental rates.

It is too soon to determine the long-term impact of DOGE's actions on commercial real estate businesses leasing to government agencies or on local markets. NAIOP's Government Affairs team will continue to monitor these actions and engage with NAIOP members to ensure that DOGE receives input from the commercial real estate community. ■

Eric Schmutz is NAIOP's senior director of federal affairs.

Standing Up for CRE and the Logistics Industry

NAIOP New Jersey is at the heart of Circulate NJ's efforts to change the public discourse.

By Dan Kennedy, NAIOP New Jersey

The logistics industry is vital to the economic strength of the United States. Whether it is the ports that bring goods in, the trucks that move those goods or the warehouses that store them, everyone depends on logistics. Despite its necessity, the industry frequently faces criticism and blame. That is why NAIOP New Jersey decided to take a new approach to defending its members and recognizing their contributions that help keep America moving.

When I started as CEO of NAIOP New Jersey in August 2023, it quickly became apparent how often the commercial real estate (CRE) industry was being scapegoated for myriad problems in the state. Surprisingly, there appeared to be no industry-wide effort to actively change hearts and minds.

NAIOP New Jersey had largely been successful in blocking legislative and policy interventions that would have been devastating to the CRE industry. My sense, however, was that if we didn't move fast to update our playbook, we were doomed to experience policy setbacks seen in other states.

Getting Started

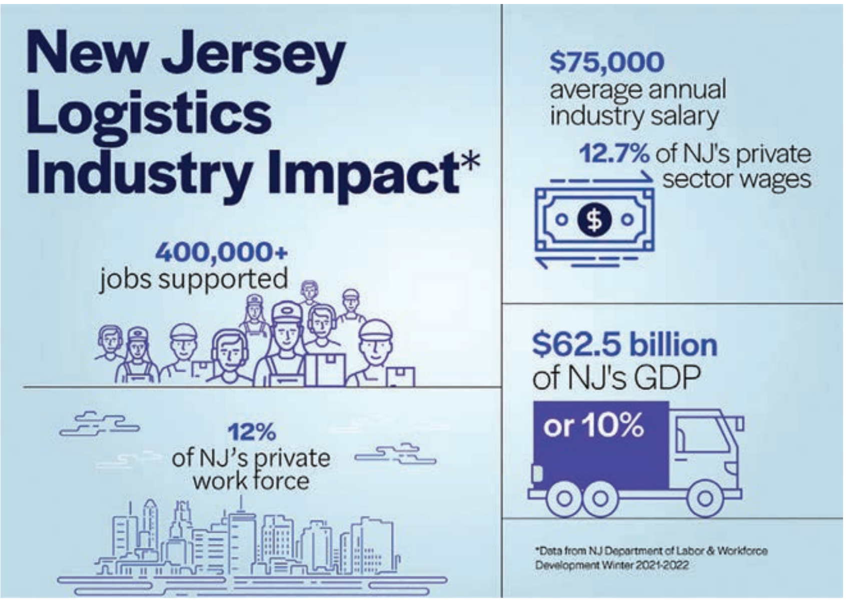
I began having conversations with members of our Developers Political Action Committee, specifically with **David Greek** of Greek Real Estate Partners, a company whose membership in NAIOP spans 50 years. We agreed the time had come for the CRE industry to address its image problem. We reached out to NAIOP New Jersey members, as well as some nonmembers, and they promptly agreed to support such an initiative financially. Other industry leaders in the logistics sector also recognized the need for immediate action. Together, we set out to create a coalition campaign that highlights the positive aspects of the entire logistics industry and proactively educates stakeholders and the public.

We spent spring 2024 organizing some of the state's key logistics industry leaders to help fund the effort and to ensure strength in numbers once we launched. We next issued a request for proposal for a communications firm to help us hone our message and oversee the coalition's operations.

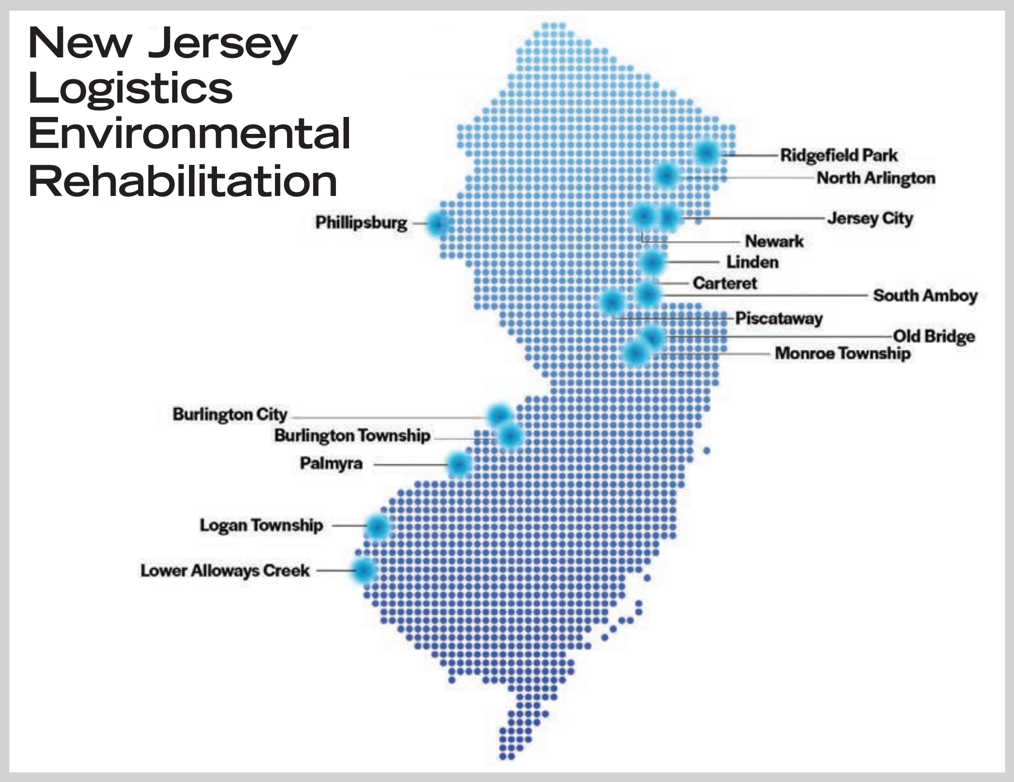
After an extensive review process, the coalition hired Avoq, a national full-service public relations and communications firm whose New Jersey office has run some of the state's leading public affairs campaigns over the last decade. This included a coalition of business and labor organizations that successfully pushed through — in a politically divided state government — a constitutionally dedicated source of funding for improvements and repairs to state roads, bridges and rails.

Changing the Narrative

Avoq's initial research showed how lopsided the public discourse had become. Between Jan. 1 and June 30, 2024, eight of the 10 most engaged with media articles about the logistics industry in New Jersey were negative, highlighting siting and development concerns. NIMBYism was a consistent driver of negative information. The legislators who were most vocal about the industry were sharing negative or neutral comments. References to the positive contributions the logistics industry makes to the New Jersey economy while meeting consumers' growing demands for timely deliveries were rare.



Courtesy of Circulate NJ



Courtesy of Circulate NJ

The logistics industry has cleaned up numerous brownfield sites in New Jersey and made them safe for public use again.

That led the coalition to name itself Circulate NJ, a literal and figurative representation of the logistics industry's value to the state — literal in that the industry moves goods around and through New Jersey, figurative in that it serves as the circulatory system of the state's economy.

Avoq then focused on the coalition's messaging, advising that we tended to speak in words and phrases that were familiar to us but not to others. Most elected officials, industry stakeholders and the average person do not know what "last mile" or "cross-docking" or "3PL" mean. Therefore, it was critical that we got out of our silos and spoke in simple, direct language.

Our focus came down to the "three E's": economy, environment and ease of living. For an economic example, according to New Jersey Department of Labor data, the logistics industry is responsible for more than 400,000 jobs in the state and contributes 10% of the state's overall gross domestic product. The environmental focus showcased more than a dozen polluted New Jersey brownfield sites that the logistics industry cleaned up and made safe for public use again. To demonstrate ease of living, we noted how the industry helps to safeguard people's valuable time through services like next-day delivery.

Circulate NJ packaged this information in easy-to-understand language, infographics and social media posts. We avoided industry jargon and getting bogged down in minutia that doesn't appeal to our target audience. We also steered clear of activities that could be seen as direct lobbying on specific pieces of legislation or government policy, leaving that aspect to our existing advocacy channels.

Avoq created coalition social media channels and a Circulate NJ website that prominently features our key messages and showcases our 40-plus organizations. The coalition officially launched in November 2024.

Planting a Flag

In the six months since Circulate NJ has been active, the coalition has been included in nearly a dozen media stories and its chair, David Greek, has been featured on multiple publications' "power" (influence) lists linked to his work with the organization.

One of the coalition's first actions was to challenge the notion that the logistics industry disproportionately contributes to pollution in New Jersey. Recently, Circulate NJ aimed to clarify the situation when a gubernatorial candidate advocated for a warehouse moratorium. When Gov. **Phil Murphy** proposed a fee on truck deliveries to warehouses in his recent budget, several media outlets contacted Circulate NJ for comment.

While the initial months of Circulate NJ have been busy and successful, the coalition still has room for growth, both in size and reach. Legislation targeting warehouses is still being proposed, and anti-industry sentiment persists. However, our flag has been planted, and those within the industry and in our target audience know the days of attacking our interests without response are over.

The Garden State does not hold a patent on anti-logistics sentiment. What our coalition is doing in New Jersey can be emulated nationwide using local data. Grassroots efforts conducted state by state can play an important role in educating the public on just how critical logistics and CRE are to the nation's economic success. Start having conversations, building partnerships and supporting infrastructure that will prevent CRE and the wider logistics industry from being a convenient punching bag in your city or state. ■

Dan Kennedy is the CEO of NAIOP New Jersey.

Preparing for a Future Leadership Transition

NAIOP Research Foundation report identifies best practices in succession planning.

By Shawn Moura, Ph.D.

designer491 via iStock/Getty Images Plus

Many commercial real estate leaders are drawn to the industry by opportunities to build something that endures, whether that is a business that can stand the test of time or actual buildings that will shape communities for decades to come. However, individual careers do not last forever.

Succession planning is an important tool for ensuring business continuity and facilitating future leadership transitions. For privately held firms, it can also accomplish other objectives, such as providing an owner with a clear pathway to retirement or keeping ownership within a family. But preparing and implementing a succession plan can be especially challenging for leaders of commercial real estate firms, which often adopt complex asset ownership and taxation strategies and carry obligations to a range of investors and lenders.

The NAIOP Research Foundation's May 2025 report, "Succession Planning for Commercial Real Estate Firms: Benefits, Best Practices and Common Challenges," identifies several best practices to help firms navigate the process. The report's authors, **Cory Bultinck** and **Alex Bratty** at Wipfli, drew from Wipfli's expertise in succession planning as well as interviews with 22 commercial real estate professionals at various stages of the succession planning process to identify challenges and opportunities associated with preparing for a future transition.

The report, produced in collaboration with The DRG, a market research consultancy firm, noted that since firms vary in their size, structure, expertise and goals, there is no single approach to succession planning that works best for all. However, the interviews revealed several common issues that leaders should consider as part of the process and a range of recommendations that can improve succession planning outcomes. The report's findings are of use to any firm interested in preparing for a future leadership transition and to privately held firms that must also prepare for an eventual transfer of ownership. The report addresses the dynamics involved in succession planning within family-owned firms, including strategies to prepare family members for future leadership.

The authors recommend that leaders start the succession planning process early, especially if they are the firm's owners. A future exit may seem distant, but the most effective

A future exit may seem distant, but the most effective succession plans require time to develop and implement. It can take years to identify potential successors and prepare them with the skills needed to take over a firm.

succession plans require time to develop and implement. It can take years to identify potential successors and prepare them with the skills needed to take over a firm. This is particularly true in family firms, where it may also be necessary to identify interim leadership if there is a significant age or experience gap between current owners and their intended successors.

Succession planning is also important for ensuring business continuity by preparing for contingencies such as the death or disability of current owners. Real estate assets are illiquid, and if a firm does not have adequate cash reserves or insurance proceeds to meet its obligations to heirs, investors and creditors upon an owner's death, it may have to sell assets at below-market rates. It is also common for a firm's value to be closely linked with the reputation of its leadership. Having a clear succession plan in place can give lenders, investors, clients and employees confidence that successors are ready to take over leadership under any scenario.

Respondents repeatedly highlighted the importance of clear communication throughout the succession planning process. Clear communication among current owners and with potential successors — especially if they are also family members — is fundamental to developing an effective succession plan. Having an open discussion about the future of a firm is not always easy. The report's authors advise that creating planning teams, establishing a transition committee and working with outside experts can help facilitate difficult conversations and keep the process moving forward. Once a plan is in place, implementing it successfully also requires open communication with successors, employees, investors, lenders and other stakeholders to build confidence in the transition.

Access the report at naiop.org/research-and-publications. ■

Shawn Moura, Ph.D., is senior research director at NAIOP.

NAIOP Research Foundation Names 2025-2027 Visionaries Class

Five rising industry professionals selected to receive mentorship from Research Foundation Governors.

By Brielle Scott

The NAIOP Research Foundation recently announced the 2025-2027 class of Visionaries, a group of five rising commercial real estate professionals who were selected based on their career accomplishments, history of involvement with NAIOP and demonstrated interest in the Research Foundation's mission.

Visionaries have an unparalleled opportunity to learn from and network with senior professionals through the exclusive mentorship program, which pairs a Visionary with up to three different Research Foundation Governors each year who can share their advice and valuable industry insights. Visionaries also play an important role in the Foundation's research development process by sharing their perspectives and expertise.

The Research Foundation established the Visionaries program in 2017 to connect outstanding rising industry professionals with Research Foundation Governors who are experienced, well-respected industry leaders. The 2025 cohort of Visionaries was inducted at NAIOP's National Forums Symposium, May 13-15, in New Orleans.

"This energetic group will bring new viewpoints and offer valuable contributions to the Foundation's efforts," said **Jennifer LeFurgy**, Ph.D., executive director of the NAIOP Research Foundation. "We are fortunate to have such a talented and committed group of professionals join the Visionaries program this year."

Tim Aguilar

Senior Vice President of Development, Link Logistics
Chapter: NAIOP New Jersey

Tim Aguilar is Link Logistics' senior vice president of development, responsible for leading the firm's development platform in the northeastern United States. Prior to joining Link in 2021, he was senior project manager at Bohler Engineering, where he led a team of professional engineers and administrators to deliver projects from due diligence and entitlements through construction across a range of real estate asset classes. He has worked on projects throughout more than 150 municipalities in New Jersey, New York, Pennsylvania, Massachusetts, Maryland, Virginia and North Carolina. Aguilar earned a Bachelor of Science degree in civil engineering from the New Jersey Institute of Technology.

Trevor Dombach

Project Manager, Rockefeller Group
Chapter: NAIOP New Jersey

Trevor Dombach is a project manager for Rockefeller Group's design and construction team in Morristown, New Jersey. He oversees projects from predevelopment to construction, focusing on program management, design documents, procurement, cost management and project closeout. With 12 years of experience in civil and geotechnical engineering, he primarily manages projects in Central Pennsylvania and the Philadelphia area. Before joining Rockefeller Group, Dombach worked for Kleinfelder, Inc., where he held various positions over 11-plus years, ultimately serving as program manager for geotechnical and environmental projects across the North Mid-Atlantic Region.

New Voices

Maxwell Mueller

Vice President, Logistics Property Company
Chapter: NAIOP North Texas

Max Mueller serves as vice president of Logistics Property Company, where he is responsible for financial underwriting, market analysis and project management for all development and leasing activities in the South Region. Prior to joining Logistics Property Company, he spent two years at Ridge Development, where he supported all areas of development for over 2.5 million square feet. Before that, Mueller interned with Majestic Realty Company, working on the redevelopment of the Fort Worth Stockyards.

From Visionaries to Governors

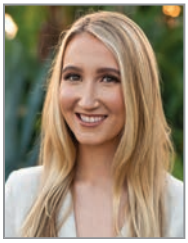
Thirteen former Visionaries have gone on to become NAIOP Research Foundation Governors. NAIOP thanks these individuals for their ongoing support and their help in shaping the Foundation's research agenda:

- Lewis Agnew, Charles Hawkins Co.
- Justin Basie, Mark IV Capital
- Cassie Catania-Hsu, CBRE
- Megan Creecy-Herman, Prologis
- Kate Nolan Bryden, MRP Industrial LLC
- Marie Purkert, Kimley-Horn
- Drew Richardson, Primera Companies LLC
- Lex Rickenbaker, Affinius Capital
- Mindy Rietz, United Properties
- Michael Riopel, Northwestern Mutual
- Erin Shepherd, Ambrose Property Group
- Colleen Wevodau, Baker Tilly
- Chris Zarek, Cowboy Partners

Zachary Romano

Chief Operating Officer, Partner, RLCold
Chapter: NAIOP Georgia

Zach Romano joined RLCold full time in 2023 and has been involved in the cold storage development venture since its inception. As chief operating officer, he oversees portfolio management for the firm in addition to his responsibilities executing development projects. Actively engaged in lease negotiations, financing and contract discussions, Romano plays a key role in the firm's day-to-day operations. Throughout his career, he has worked on ground-up developments, acquisitions, portfolio management and a comprehensive range of capital markets activities. Additionally, he has co-led several joint venture negotiations for implementing substantial programmatic development platforms.



Courtney Wing

Development Manager, Newcastle Partners
Chapter: NAIOP SoCal

Courtney Wing is the development manager at Newcastle Partners in Corona, California, where she oversees all development opportunities on the West Coast. She has led high-value real estate projects across Southern California, particularly in the Inland Empire, managing the development of over 5 million square feet of industrial real estate and securing $150 million in capital for institutional and private projects. Her expertise spans acquisitions, financing, development, leasing and sales, contributing to Newcastle Partners' portfolio of 47 projects totaling more than $1.57 billion in investments. Wing is also an active leader in NAIOP SoCal, serving on its Board of Directors, co-chairing the Legislative Affairs Committee, and participating in the Young Professionals Group and on the Selection Committee. ■

Brielle Scott is a director of marketing and communications at NAIOP.

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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.

Mobile Apps Take NAIOP wherever you go. Access the membership directory; find news, chapters and events; and connect on social media. ■

People and Companies

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** 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.

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Why NAIOP Conferences Are a Must-attend for Industry Professionals

Alex Thomson

NAIOP's conferences are unique. They are designed to deliver a powerful mix of learning, networking and inspiration. Attendees leave not just informed, but energized — with new connections, actionable insights and a broader perspective on the industry.

Like many of our members, I view ongoing progress as being vitally important. We want to grow as professionals while also driving our industry forward. Staying ahead of trends, expanding our networks and gaining fresh insights doesn't happen by accident. It takes deliberate effort.

That's where NAIOP conferences play a key role.

Held across North America, NAIOP's conferences transcend the typical industry event. Conferences offered by other groups frequently focus solely on continuing education or zero in on a specific market. NAIOP's conferences are unique. They are designed to deliver a powerful mix of learning, networking and inspiration. Attendees leave not just informed, but energized — with new connections, actionable insights and a broader perspective on the industry.

This past March, I joined nearly 1,200 others at I.CON West, one of our premier industrial events. It was a perfect example of what makes NAIOP events so valuable. We heard from an economist who broke down key market forces, not just locally but across North America and beyond. Breakout sessions covered critical topics that are shaping our industry, including some, like tariffs, that are consistently in the headlines. Other sessions discussed emerging topics where NAIOP is already actively working to be a voice for our members.

Beyond the sessions, the networking opportunities were equally meaningful. We hear from our members that these chances to network are powerful, with NAIOP research showing that more than 94% of our Principal members have done at least one deal with another NAIOP member. Many of those connections are made at our conferences, through both structured sessions and the informal conversations that happen between them.

We hear from our members that these chances to network are powerful, with NAIOP research showing that more than 94% of our Principal members have done at least one deal with another NAIOP member.

If you haven't yet attended a NAIOP conference, I encourage you to explore our upcoming events. These gatherings complement, rather than compete with, the events hosted by local chapters.

One event that I'm particularly excited about is CRE.Converge, which is coming to Toronto this September. NAIOP's signature event brings together top speakers and industry leaders from across asset classes — industrial, retail, office, multifamily and beyond. Whether you work in a single sector or in multiple sectors, you will gain valuable insights. In addition, our market tours will give you a firsthand look at best practices in one of North America's most dynamic cities, and you don't need to be active in the Toronto market to benefit.

I'll be attending many of our conferences this year, and I hope to see you at one or more of them. If you spot me, please take a moment to introduce yourself. I'd love to hear what's happening in your market and your chapter. Let's connect and keep moving our industry forward together. ■

Alex Thomson, Founder, Prevail Consultants
2025 NAIOP Chair

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