

2021 KEY TRENDS

COMMERCIAL REAL ESTATE



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SmartBrief's subject-matter experts can develop blog posts, webinars, white papers and infographics as part of a marketing strategy that targets highly engaged industry professionals.

As lives and businesses went remote, commercial real estate serving brick-and-mortar retail, hospitality and offices suffered. However, the following emerging trends are worth watching in 2021.

1 COLD WAREHOUSING

E-commerce grocery delivery finally has made cold warehousing a hot commodity. It is estimated that almost 50% more cold warehouses will be built in the next five years, despite relatively high construction and operational costs. Health care facilities needing pharmaceuticals also are potential end-users.

2 SMART WAREHOUSING

With everyone ordering online, efficient delivery is paramount. There is greater demand for dark stores and local micro fulfillment centers, shortening delivery times and reducing carbon footprints. Ideally, they will provide the digital services to ensure the right products are stocked and can be identified quickly.

3 HEALTHY BUILDINGS

Outdoor spaces, such as balconies and common gardens, high-grade HVAC systems and materials that promise low-carbon emissions, are worth premiums in a health-conscious age. Consider that with apartment buildings, offices and any other new or refurbished structure.

4 CLIMATE CHANGE AWARENESS

There is growing acceptance that ignoring environmental issues is short-sighted. Sustained shifts are possible in consumer preferences, project financing, corporate governance and government policy. Consider buildings with lower carbon footprints, more efficient building methods (ie: 3D or modular) and more efficient energy systems.

5 CO-WORK, CO-RETAIL

As restrictions ease, remote workers will gravitate again to shared spaces as an alternative workplace for many of the reasons popular before the pandemic, though the demand may be greater. Co-retailing — including ghost kitchens only serving food for delivery — may regain popularity for small businesses seeking a minimal brick-and-mortar presence.

6 ASSET MANAGEMENT

Refurbishing or repurposing space to increase returns on investment will take new priority for many companies. Some renovations may be drastic, such as turning retail space into living or office space. Others may be less so, such as reconfiguring occupant traffic. More flexible leases may become more common.

7 DATA CENTERS

Demand for modern data centers near major cities will continue to grow in the next five years. As 5G, artificial intelligence and automated vehicles gain prominence, smaller "edge" data centers in rural locales may grow faster as a real estate sector. Digital infrastructure is an asset class worth watching.

8 DISTRESSED ASSETS

For sectors hardest hit in 2020, such as traditional office space, hospitality and brick-and-mortar retail, it could be a buyers' market. Immediate market risk may leave some bankers less inclined to lend, but strong strategies to address long-term issues can win over investors used to weathering short-term crises.