SPRING 2025

# CREATE

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## Data Driven

Developers scale up data centers to meet high AI and consumer demands.

SPRING 2025

Aerial shot of a data center for cryptocurrency mining, cloud services and AI computing in a large, temperature-controlled warehouse in a remote location in Stutsman County, North Dakota.

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## On the Web

### Shaping the Next Era of Real Estate

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Create, powered by REALTOR® Magazine, advances best practices in commercial real estate and brings expert insights on business trends, strategies and purchases.

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Brick-and-Mortar

# Retail Closures Open the Door to Expansion

**Quick-service restaurants and discount retailers take over existing space.**

Financial setbacks have spurred some retailers to shutter locations this year. But those closed doors may open opportunities for expanding retailers in 2025, according to a report from Northmarq, a commercial real estate capital markets firm. In fact, it estimates that openings and expansions will exceed closures during the next few years.

Some of the stores may stay vacant for a while, but retail brands like Ollie's Bargain Outlet, Barnes and Noble, Burlington, Michael's and Haverty have recently taken leases as other big box stores closed their businesses, the report says. Through this strategy, tenants have made use of high-traffic sites and managed expansion in a low-vacancy market.

The challenge is that single-tenant net lease retailers often have strict construction and branding guidelines, requiring build-to-suit solutions, according to Lanie Beck, Northmarq senior director of content and marketing research. When a takeover isn't practical, "it is more likely that shuttered freestanding and junior box locations will be targeted by tenants with more flexibility, such as independent businesses looking to serve their local consumer base from an upgraded location. Redevelopment or demolition also becomes an option, especially for sites with good ingress/egress," Beck writes.

### Who's on the move

The Northmarq report lists sectors "expanding most aggressively," including quick-service restaurants, convenience stores and discount stores. The report lists retailers expected to close and those looking to expand into shuttered properties:

**Recent and expected closures:**

- Best Buy
- Big Lots
- CVS Pharmacy
- Party City
- Walgreens

**Expected expansions:**

- Dutch Bros Coffee
- Five Below
- Jack in the Box
- Slim Chickens
- Wawa

**118%**

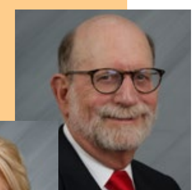
Year-over-year increase in net absorption of multifamily units from 2023 to 2024. The asset class closed the year with the absorption of 183,600 units, the highest Q4 total since 1985 and 12 times more than the pre-pandemic Q4 average.

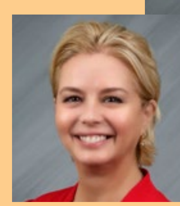
*CBRE Research, CBRE Economic Advisors, Jan. 27 multifamily report*

Dealmakers

## Bridging a Common Language Divide

Paul Blum, CCIM, and Rebecca Roberts of West USA Commercial in Phoenix represented Australian-owned Knotwood in a 10-year, $14 million lease of a 104,000-square-foot manufacturing facility in Phoenix's West Valley. Knotwood manufactures aluminum to look like wood. The process requires substantive electrical power and gas, limiting viable building options. After reacquiring manufacturing rights in North America from an underperforming partner, Knotwood initially sought to be in a new facility within three months.





The referral came to Roberts from an agent who helped the Knotwood general manager find a home. West USA Commercial asked to meet to better understand Knotwood's business needs before sending available properties, a winning strategy, Roberts says. More meetings were required to manage—as George Bernard Shaw once observed—"two countries separated by a common language." Besides terminology differences, Blum and Roberts learned, there are fewer rules in Australia due to the expectation that businesses will be good environmental custodians. "We walked through the lease word by word with Knotwood's leadership," says Blum. "We also helped review contractor proposals for tenant improvements. While the building owner agreed to increase the TI allowance with a rent increase, Knotwood opted to narrow their requirements and pay for improvements directly."

### Share Your Story

**Have you closed a commercial transaction within the past six months in excess of $5 million? Tell us about it, and you may be featured online in CREATE Magazine.**

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Workforce

# Survey Predicts Brighter Hiring Picture in Commercial Real Estate

**With bonus pools flat, firms may look for other ways to retain top talent.**

Commercial real estate firms expect to do more hiring this year, according to a survey by Chicago-based search firm Ferguson Partners. Forty-seven percent of public and private investment shops and brokerages surveyed said they plan to increase staffing, an uptick from 37% in 2024.

Just 13% predicted they would downsize their workforce in 2025, compared with 30% last year. But 40% said their workforces would stay the same, up from 33%.

"We are seeing a brighter picture, but not yet a 180-degree turn," says Ferguson's President Graham Beatty in a company report. Responses from 170 companies were collected through early November 2024. Since then, requests for search assignments have markedly increased, Beatty says. "We are enthusiastic about a more positive environment for 2025, but we are not ready to say that we are going to see a dramatic increase."

Numbers for 2024 hadn't been finalized at press time, but bonuses were likely flat because the costly borrowing environment resulted in lackluster sales. "Heading into 2024, firms were optimistic that the year end would be better compared to 2023, when we saw downward pressure on bonus pools," says Charlie Apfelbach, a managing director in Ferguson's compensation consulting group, also quoted in the report. But the current bonus outlook "looks to be a similar story."

"Firms recognize it's challenging to keep employees motivated with back-to-back down years [for] bonuses," Apfelbach says. "[They are] mindful of the competitive market for mid- and junior-level professionals and are working to reduce pay volatility, particularly for top performers."

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## Rent Growth Steadies Nationally, Varies Regionally

Nationally, rent growth was steady at just under 1% throughout 2024, but performance was mixed by region. The Yardi Matrix National Multifamily Report says 16 of its top 30 metros recorded positive advertised rent growth year-over-year in 2024, while 14 were negative. In January, advertised asking rents increased $3 on average nationally to $1,746, while year-over-year rent growth rose by 20 basis points to 0.8%, Yardi Matrix says. Here's how the regional variation shook out:

**Metros with 2024 positive rent growth**

| | | |
|---|---|---|
| 1 | New York City | 5% |
| 2 | Kansas City, Kan. and Mo. | 3.4% |
| 3 | Detroit | 3.2% |
| 4 | Washington, D.C. | 2.8% |
| 5 | Chicago | 2.7% |
| 6 | Indianapolis | 2.7% |
| 7 | New Jersey | 2.5% |
| 8 | Baltimore | 2.4% |
| 9 | Columbus, Ohio | 2.3% |
| 10 | Boston | 2.1% |
| 11 | Philadelphia | 1.9% |
| 12 | Portland, Ore. | 1.3% |
| 13 | Seattle | 1.3% |
| 14 | Twin Cities, Minn. | 1.0% |
| 15 | Miami metro | 0.7% |
| 16 | Los Angeles | 0.2% |

**"We are enthusiastic about a more positive [hiring] environment for 2025, but we are not ready to say that we are going to see a dramatic increase."**

*Graham Beatty, Ferguson Partners, quoted in Real Estate Alert, Jan. 7, 2025*

Happy Travels

## Hotel Investment on the Horizon

**CBRE's 2025 U.S. Hotel Investor Intentions Survey shows highest interest in resort developments and central business districts.**

Spring travelers and investors alike will see a thriving hotel sector this season. According to CBRE's most recent survey of U.S. investors, sentiment is increasingly positive, with 94% expecting to maintain or increase their hotel investments in 2025, compared with 85% last year.

The most favored location types in 2025 are central business districts and resorts, with airport and suburban assets cited as the least attractive. The most popular hotel types are higher-priced chain scale segments, the Q4 CBRE U.S. Hotel Investor Intentions Survey says.

Potential deterrents cited by investors include decelerating RevPAR growth, combined with labor, insurance and capital costs, and the unpredictable federal borrowing rate.

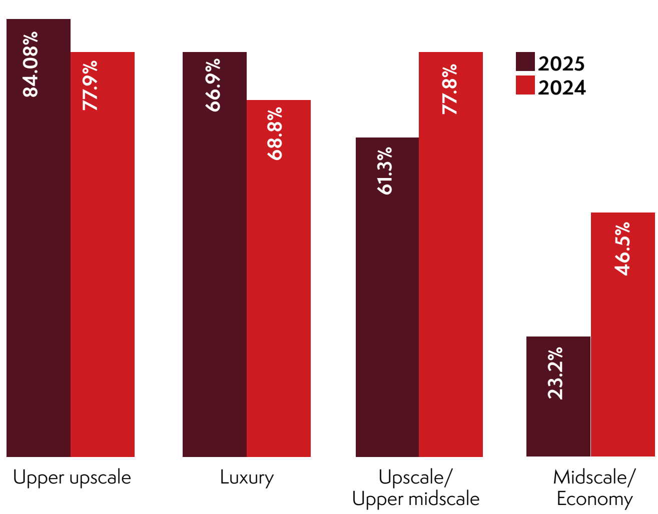
In a switch from 2024, investors appear more bullish on independent hotels, with 14% expecting to acquire them this year versus 10% last year, CBRE says.

"Nearly 60% of survey respondents said full-service hotels are their most likely target for acquisition or development this year, compared with 20% in 2024, perhaps due to the resurgence of business transient and group travel and the rise in return-to-office mandates."

New York City was cited as the most attractive investment market for the second consecutive year due to limited hotel supply and strong consumer dynamics. San Francisco was second-most favored, followed by Dallas.

More investors named Washington, D.C., and Hawaii as attractive investment markets this year than last year, while expectations for Miami cooled.

### Most/Somewhat Attractive Chain Scales




SOURCE: US HOTEL INVESTOR INTENTIONS SURVEY, CBRE RESEARCH, Q4 2024

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Cybersecurity

## Beware of Business Email Compromise Scams

**Commercial real estate can be especially vulnerable.**

True story. An employee of NETSTREIT, a real estate investment trust, wired $3.3 million to someone pretending to be a development partner of the company. Business email compromise scams, or BECs, targeting the real estate sector in 2022 affected 2,284 victims and led to losses of $441.1 million, according to the FBI's Internet Crime Complaint Center. Here are three common fraud types:

### 1 Wire fraud

JPMorgan Chase describes a typical pattern:

- A criminal gains access to a known party's email.
- The criminal monitors communications and waits until money is about to be moved.
- The criminal uses a compromised, authentic account or spoofed email address to impersonate the known party and directs the buyer to send funds to an account that the criminal controls.

### 2 Rent fraud

Rent fraud occurs when people advertise space for lease at properties they don't represent. Scalley Reading Bates Hansen & Rasmussen PC, a Salt Lake City–based law firm, cautions, "They might take a deposit or first month's rent and then disappear."

### 3 Title fraud

Title fraud takes place when fraudsters manage to transfer an owner's property title to themselves, often using forgery or identity theft. "They might then take a mortgage out on the property or even try to sell it," warns the Salt Lake City firm.

### Cultivate a healthy dose of skepticism

Be wary of deals that seem too good to be true, as well as "urgent" requests to wire money. Make in-person visits to properties, and "always verify wire instructions with known, trusted parties using previously confirmed contact details," the law firm advises.

*Adapted from "Safeguarding Against Fraud" written by Rachel Antman, a writer and founder of Saygency, LLC, and published in the winter 2024 issue of SIOR Report.*

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AI for Office Use

## Sensing Optimal Space

**BY CAROL WEINRICH HELSEL**

Space. The next frontier. No, not outer space, but the space inside commercial buildings. The "next frontier" is sensory technology to help owners, facility managers, and occupiers identify space usage trends and patterns.

Hybrid work policies have led employer tenants to reassess space needs. They may struggle to balance the desire for reduced occupancy costs with the need to enhance the employee experience. A recent entry in the market is Butlr's Heatic 2+ wireless and anonymous occupancy sensor, which combines AI with body heat-sensing technology to infer anonymous activity on how people use indoor space.

Most occupancy sensors rely on optical technology, raising privacy concerns. ReKalibrate, a customer data platform for commercial real estate, chose Butlr primarily due to its thermal technology. "There is no possible way to get PII (Personal Identifiable Information) out of those sensors," says ReKalibrate CEO Brandon Medeiros, citing Boeing's recent decision to cancel its workplace occupancy program due to privacy concerns.

Conventional occupancy sensor applications understand building amenity usage and room occupancy at any moment. Thermal sensor technology can deliver deeper insight, e.g., that women spend more time washing their hands in workplace restrooms than men.

While sensor data alone is informative, the real value comes from API integration with property management and building management platforms. Users can derive actionable insights that support business goals and financial management, e.g., repurposing or reconfiguring meeting space, eliminating bottlenecks, reducing energy consumption, understanding desk-level occupancy, scheduling cleaning, and assessing the need for temp workspace.

"Flexibility is key, especially for smaller commercial operators," says Butlr Technologies CEO and co-founder Honghao Deng. "Butlr's open API technology allows integration with multiple and numerous data sources, including platforms such as Yardi, Appfolio, Cohesion, HubStar, Relogix, and InnerSpace."

The magnetic sensors move easily from location to location. With a subscription contract, a property manager could install sensors in one tenant space, provide data and analysis for six months, and then move the sensors to a different tenant space.

Anyone considering occupancy sensors must understand the business objective, have sufficient tech support for data analysis, and clearly define a use case. "It's easy to say you want to use sensors, but it's harder to know why and where to put them," says Medeiros. "Without this information, your experience will likely be poor."

Deng predicts the next big innovation will be around 3D spatial intelligence, including identifying risk and enabling preventive action.

butlr.com/platform/sensor

Living Small

©WORKSHOP | STUDIO

## You've Got Mail

**Revamped mailrooms invite residents to mix, mingle and sort mail.**

As apartment units trend smaller in urban areas, one of the emerging realities of "living small" has been the rapidly growing mailroom, combined with consumer trends toward e-commerce.

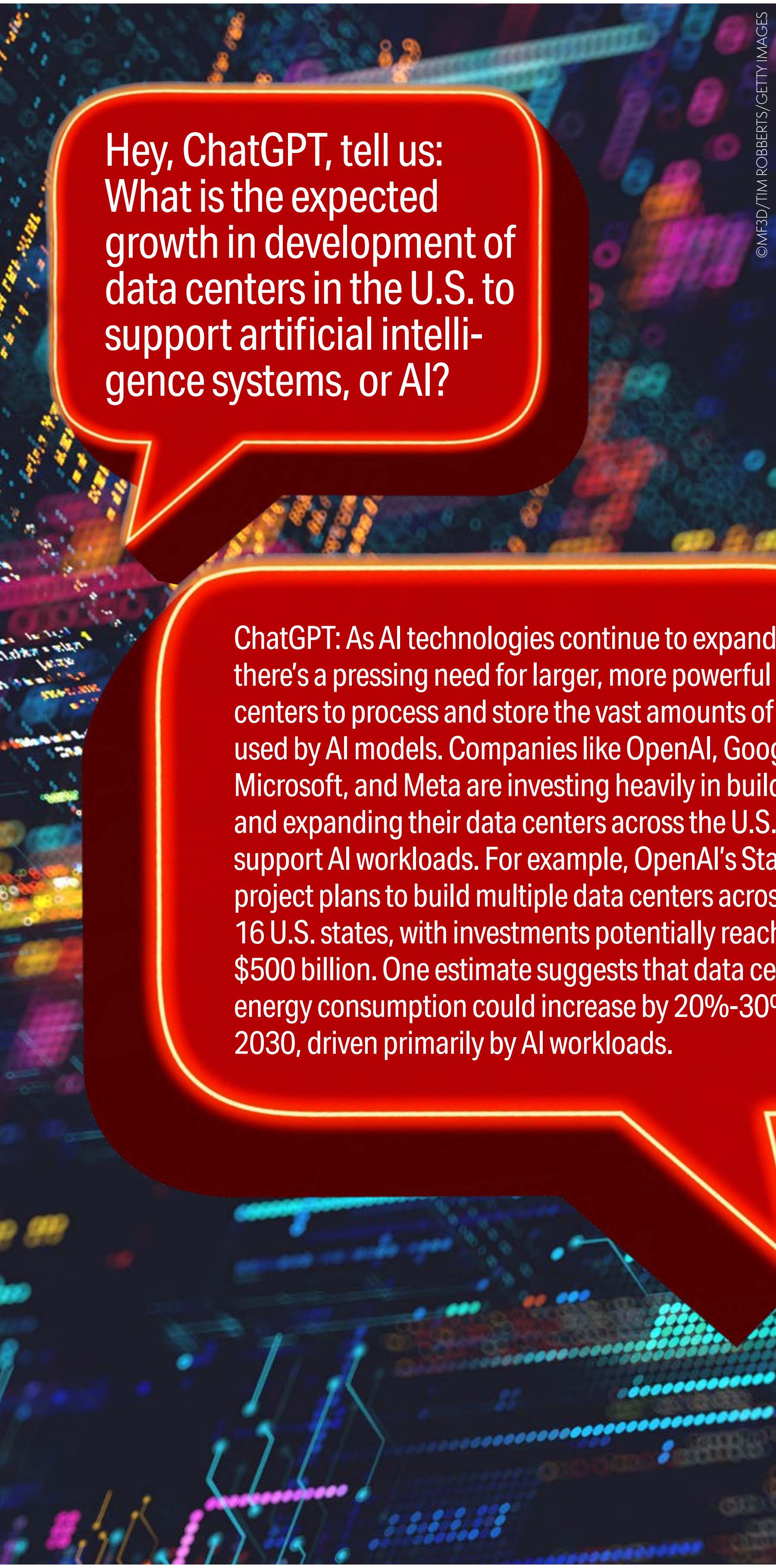
WORKSHOP | studio, a Dallas-based design firm specializing in multifamily developments nationwide, is addressing residents' increasing shipment needs and turning properties' mail rooms into an amenity reminiscent of a small-town post office or a boutique hotel lobby. At The Mill Old Town *(pictured)* in historic Lewisville, Texas, the team designed a 915-square-foot space that includes 250 mailboxes, 64 package lockers, and a secure oversize package room. The main mail room is outfitted with velvet-upholstered banquette seating, laptop tables and moody finishes.

"Emerging as the new hybrid hub for coworking, a rideshare lounge, and simply a well-designed place you may run into a neighbor, designers are putting more thought into the design of the once drab mailroom," says Julia Lauve, cofounder of WORKSHOP | studio.

# DATA CENTERS TAKE CENTER STAGE

**In markets east, west and in between, computing development accelerates at warp speed.**

BY DAVID GOLDBERG



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As pretty much anyone with a smart phone knows, ChatGPT—along with other AI aspirants—is just one of the newest and most power-hungry kids on a data-hogging block that includes cloud computing, e-commerce, the "internet of things," blockchain networks and approximately one gazillion TikTok videos. "Whether you're streaming videos, scrolling through apps on your phone, no matter how data is consumed, it's routed through a data center," says John McWilliams (*right*), head of data center insights for Cushman & Wakefield.

In real estate terms, he notes, "Data centers are what we have considered an alternate asset," as opposed to, say, office, industrial, retail and multifamily. "But over the last 20 years—first with the big boom after cloud computing arrived, now with the emergence of generative AI—development has been growing rapidly, investment has been surging, and revenues the data center industry earns are increasing rapidly." Given the uncertain prospects of traditionally mainstream asset classes, data centers are emerging even more from their niche status, he adds.

Rather than by acreage or square feet, as in other areas of commercial real estate, data center projects are gauged by the amount of electrical power they consume. "We measure the market in terms of capacity, megawatts or gigawatts," says McWilliams. The sheer volume of data routed through these centers has grown tenfold over the last decade, to reach a projected total of 181 zettabytes this year, he says. For reference, a zettabyte is 1 trillion gigabytes, equivalent to about 250 billion DVDs. A December 2024 report by the Department of Energy estimated that the power consumed by data centers in the U.S. tripled over the past decade and could triple again by 2028, when it could consume up to 12% of the nation's electricity.

AI will drive much of that growth. That ChatGPT query we opened with? It required nearly 10 times as

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Modern data centers, like this one in northern Virginia (photographed in December 2024), can cover hundreds of acres, consuming many megawatts of power. One megawatt equals 1 million watts.

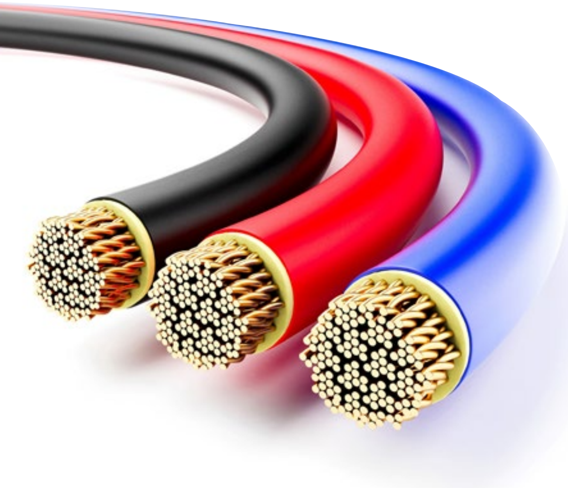
much electricity to process as a conventional search engine would. "As the demand for power has increased with the cloud and AI, the sites people need are much larger," says Anne Rosenau (*left*), a managing director and a founding member of Cushman & Wakefield's data center group, where she sits on the executive committee.

"Sites have gone from where people would buy 5 or 10 acres and 50 megawatts of power, to hyperscalers, private equity companies and co-location companies who are selling to the hyperscalers [looking for] 100-, 200-, 300-, 500-acre sites that have access to much more power." These so-called hyperscalers are the primary actors in the global data center boom, Rosenau says, but she noted that there is still a strong market for much smaller "edge" sites where local brokers might play a part. Some operators are still focusing on "colo" centers, where they can lease server-rack space to smaller players.

## Hot Data Center Markets

Rosenau, who brokered her first big tech deals with telecom projects in the late 1990s before today's data centers came front and center, practices in northern Virginia, the epicenter of data center proliferation, which is estimated to support about 70% of global internet traffic.

Rosenau is adept at reeling off some reasons why: "There's great access to technology, low incidence of natural disasters, and power has been cheaper than other big markets," along with a connection to a robust fiber network and scads of tech talent. A 2023 market analysis by Newmark Group put Northern Virginia's data center market at 3,400 megawatts—nearly three times the size of Dallas-Fort Worth the second busiest market. An additional 1,400 megawatts of capability is projected for northern Virginia by 2027. However, both Rosenau and the report authors note that growing local opposition and



foot former headquarters to a data center.

As tight power delivery with long lead times slows development timelines around Chicago, other Midwest neighbors are seeing growing interest. Columbus, Ohio, has become a popular target, with about 40 centers run by 25 companies, and others are land banking sites of an average 200-plus acres for future development.

In addition to ample land that is zoned commercial, industrial or agricultural, low natural disaster risk and access to power and talent, Ohio offers data center developers a sales tax exemption for construction materials and equipment for investments and payrolls over a certain size.

Amazon Web Services in late 2024 purchased nearly 600 acres in Fayette County, Ohio—midway between Columbus and Dayton—for $102 million, part of Amazon's announced plan to build up to eight data centers in Ohio and invest $10 billion by 2030 to develop them. Meanwhile, Vantage Data Centers announced it would open the first of three "hyperscale" data centers in New Albany, 20 minutes northeast of Columbus, later this year. Occupying a 70-acre site, the centers will total 1.5 million square feet, with a power capacity of 64 megawatts each. In Michigan, Microsoft purchased 316 acres in Kent County, south of Grand Rapids, in late 2024 from furniture maker Steelcase for a potential data center.

In Georgia, a company doing business as Atlas Development LLC in January filed a state application to seek rezoning to develop a 13-building data center campus costing $17 billion on 832 acres in Coweta County, 45 miles southwest of Atlanta. That project joins several other entities developing or operating data centers in the Atlanta area, including Digital Realty, CoreSite, Switch, Google, Microsoft, Flexential, H5, and QTS. In addition, Stream Data Centers has applied to build up to nine centers on 246 acres on the west side of Atlanta in Douglas County. Also in Douglas, Stack Infrastructure is developing two three-story data centers and has filed to build two additional two-story centers.

**California's Bay Area and Silicon Valley, now at about 750 megawatts, saw the earliest emergence of data centers as tech companies chose to co-locate their centers near their corporate headquarters.**

power capacity constraints are starting to slow the region's growth.

The Dallas region, at more than 1,100 megawatts, is expected to grow by nearly 30% by 2027, spurred by lower power costs, good network connectivity, tax incentives and plentiful land. The next market down, by a hair, is Phoenix, which analysts projected could add nearly 50% in the next three years on the strength of cheaper power, fiber connectivity, a "pro-business environment" and open land. But Phoenix is also seeing a burgeoning semiconductor industry, which will compete for power and a limited water supply, which both industries need in copious amounts.

California's Bay Area and Silicon Valley, now at about 750 megawatts, saw the earliest emergence of data centers as tech companies chose to co-locate their centers near their corporate headquarters. Though it's projected to continue growing, earthquake concerns, restricted land availability and competition from other development are constraints.

Today, other markets are coming on strong, particularly in the Midwest and South. The Chicago metroplex already has a robust market of 1,000-plus megawatts, as its central location is popular with hyperscalers Microsoft and Meta. Land constraints there have prompted Compass Datacenters to take on the conversion of Sears' 2.4 million square-

## A High (But Not Impossible) Barrier to Entry

A substantial share of the real estate side of data center development is the province of a relative handful of big players, such as Equinix, Digital Realty, CyrusOne or QTS. But that doesn't mean there's no room for smaller, more local players, notes McWilliams. "Like any industry, you have household names and those who might not be recognized outside the industry. There are also smaller players that own one or two data centers," he says. "Like [in] the industrial or office sectors, you have significant players that own properties in dozens of markets, and others that might own a few in one market, and those who own just a property or two. It's not controlled by just one group of players. However, smaller players have been receiving equity injections, and their presence is growing as a result."

Apart from the hyperscalers, there are myriad customers for varying quantities of leaseable rack space, from hospitals to the local police department, says Adam Palmer (*right*), managing principal LQ Commercial Real Estate Services, in Naples, Fla. Palmer, who has a tech background himself, has personally invested in a smaller data center development. "You can dip your toe into this business without doing those football-field sized deals," he says. "There are more localized data centers."

For those would-be toe dippers, McWilliams has some thoughts. "The most geographically advantageous area for a data center, right now, is anywhere you can get the power you need: You look at power first, then land availability," says McWilliams. "Getting a power purchase agreement or commitment from a utility is something you would want to make a site attractive."

Beyond that, he adds, "If somebody is looking to market land for a data center now, you want to be sure you have the entitlements first." Most favored will be sites in places that are offering incentives to attract them, such as sales and use tax abatements. "After those, you're looking at the cost of construction materials, labor—which can be imported from other states—and people who are skilled and knowledgeable."

Rosenau adds, "You also need to be in an area that is not prone to natural disasters and

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to have access to fiber [lines].” A developer also should be prepared to pay for a power study—and to wait in line. “Everybody’s chasing power,” she says.

Another challenge for those who want to learn the business: “Most of the data centers are done completely confidentially, which makes it harder to get into the sector,” she says. “Typically everybody involved with a transaction has to be signed to confidentiality. We do transactions acquiring land without revealing the tenant. … Some of our clients, on our own servers, have pseudonyms to protect their identity.”

## Facing Headwinds

Even with the vast surge of investment in data center creation, a growing number of obstacles are likely to slow development timelines, if not curtail the total number of possible projects. For historically popular areas like Northern Virginia, rising community pushback has started to be a factor, Rosenau says.

“Northern Virginia was always a data center-friendly area, but more recently it has been impacted by the political climate,” as residents raise a range of concerns, from rising power rates to esthetic objections to noise complaints. (It turns out that thousands of servers humming simultaneously create quite a din.) “Fairfax County is changing zoning to make sites more difficult to develop as data center sites,” she says, and other communities are looking at similar changes. “Everyone wants to use Google and AI on phones, computers, refrigerators and cars, but they don’t want the data center next to them,” Rosenau says.

Another potential stumbling block is the ability to keep step with the surging demand for power.

The Biden administration made a major push for “clean” alternatives such as wind and solar, and Congress provided substantial funding to fuel expansion of those sources. The Trump administration appears to be reversing course and instead promoting fossil fuels and nuclear energy, but there are extremely long lead times in bringing such facilities online. “Many hyperscalers have made a commitment to be carbon neutral by 2030—but it will be interesting to see if they can they do that,” Rosenau says.

And then there are the unexpected curveballs in the evolution of technology, such as January’s surprise release of DeepSeek, the Chinese AI competitor to OpenAI, Meta and Google that was developed at a fraction of the cost. The announcement sent shock waves through tech stocks and momentarily threw into question the assumptions about exponential need for more data centers. Since that time, most analysts seem to have come to see DeepSeek itself as less of a limiting factor than a reminder that technology can change at the speed of Moore’s Law.

So, what are the trends for data center development in the U.S. in the next 5 years? Let’s ask DeepSeek:

“Alongside hyperscale facilities, there will be a rise in edge data centers to support low-latency applications like Internet of Things, autonomous vehicles, real-time analytics and the proliferation of 5G networks. These smaller, decentralized facilities will be located closer to end-users. There may be a trend toward building data centers in rural areas to take advantage of lower land costs and cooler climates, which can reduce cooling expenses. Conclusion: The U.S. data center market is poised for significant growth and transformation over the next five years.”

And there you have it. ■

*David Goldberg has been writing about urban growth and development, transportation, and housing issues for nearly 30 years. He lives in Seattle, where he is a member of the city’s Planning Commission.*

# IT'S OVER.

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# LOGISTICS SUPPLY HUBS:

## How They Compete for Supply-Chain Users

Whether you're representing an industrial end user or a developer, know how your listing competes in the evolving world of logistics.

**BY ROB NAHIGIAN**

For companies that import goods to deliver to retailers or consumers in the U.S., there are many locations, steps and transportation modes at play. In Part I of this series on transportation, published in CREATE's Winter 2025 issue, we provided an overview of logistics, supply chain and intermodal, the transfer of products involving multiple modes of transportation (generally, air, rail, truck and sea). In this article, we take a deeper dive into the process of transporting goods and look at how some states and cities are bringing greater efficiency to the process, and attracting business, by encouraging the development of logistics supply hubs.

Imagine you work for a company that transports goods from Shanghai. Whether or not you're in charge of the logistics, as a real estate professional, you must be aware of the process because a company's distribution and real estate needs are linked. The transportation steps might include:

- Procuring the shipping company from Shanghai to Long Beach, Calif.
- Making an appointment for the ship to dock at port
- Making an appointment for the containers to be unloaded
- Scheduling the rail company for pickup of the product and delivery to your building, or to a temporary holding warehouse, or to a customer's facility

If the company needs to meet a guaranteed delivery date, that may mean arranging truck pick-up directly from the port. Rush delivery from Asia requires air cargo to the nearest airport, plus trucking to the end-user's building.

### Logistics Hubs: One-Stop Shops

The work required to bid out and schedule transportation services in various parts of the world to meet scheduled delivery for customers is time consuming and costly. One solution to be more efficient is to hire a company that will handle these transportation issues. These outside companies are known as third-party logistics, or 3PL, companies—a topic for another article.

The other solution is to find all the transportation services in one location, a so-called logistics hub, typically a collection of industrial buildings with infrastructure that encompasses at least three of the four intermodals.

A typical logistics hub is a minimum of 1,000 acres—some hubs are as large as 2,000–3,000 acres or more—preferably with a flat topography. The land should be inexpensive with low barriers to development. Developers look for such factors as ease of obtaining permits or entitlements and favorable tax status for potential tenants and purchasers.

Logistics hubs offer temporary storage for goods that are not ready for the next leg of an intermodal journey. A hub may also include a holding area for rail cars so that they can be immediately available for end users.

While there's no data readily available on the prevalence of logistics hubs, in my experience they represent a growing presence in the market as companies become more sophisticated in their approach to logistics and

# THE FUTURE OF LOGISTICS HUBS

Over the last 15–20 years, I've had the opportunity to tour several logistic hubs and to see their growth. You'll find new logistics hubs in several cities, including Atlanta; Baltimore; Joliet, Ill.; Front Royal, Va.; and Greer, S.C.

Dallas offers an interesting example. Its Logistics Hub is located off Interstate 20 (which runs from South Carolina through Dallas to west Texas) and Interstate 45 (which extends from Dallas to Houston and Galveston, Texas). The hub offers the Union Pacific Dallas Intermodal Terminal for rail service and Lancaster Airport for corporate aviation. It is an integral part of the Texas International Trade Corridor. The main section of the park is 5,000 acres with another 306-acre section across the highway. There's an airport with a 5,000-foot runway—not long enough for cargo freight—but plans are in the works to install an 8,000-foot runway for freight capacity.

I toured Tradepoint Atlantic in Baltimore—located off Interstate 695 (also known as the Baltimore Beltway)—a year before the March 2024 accident that brought down the Francis Scott Key Bridge. The park contains 3,300 acres, a 50-foot-deep port, with highway and rail access. The tragic bridge collapse, which closed a portion of 695, no doubt put a kink in the operation of the park. Fortunately, there are alternate highway routes nearby, and the bridge is scheduled to reopen in the fall of 2028.

Over the last five years, states have competed to have "certified sites" ready for industrial development. The State of Georgia calls these sites "Georgia Ready for Accelerated Development." These sites have been permitted for immediate construction of industrial buildings for end users that have an immediate need.

Although industrial development slowed in some areas in 2024, I'm optimistic about the outlook for industrial sales and leasing in 2025, and I expect to see demand grow for manufacturing and warehousing. - *Rob Nahigian*


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supply chain. Whether your client is looking to buy, sell, lease or develop industrial or warehouse property, your knowledge can put you a step ahead of the competition.

- **If you're working with an end user**—such as a local retailer or a national company such as Target or Best Buy—be prepared in the first site selection meeting to talk about whether a logistics hub is a requirement.
- **If you are working with an industrial developer** and the right pieces are in place, the recommendation may be to develop a logistics hub, which could give the development a critical advantage.
- **If you are representing an industrial building** in an area where you're competing with a logistics hub, then you should know the marketing challenge you'll have—but also know what tier of the industrial market you should be chasing. The market that's attracted to a hub location may not be the market you should be going after.

It's always the client's decision. But if you can give your clients all the options and explain the pros and cons of each, you can help them make better real estate decisions.

## The Advantages of Operating in a Logistics Hub

There are five basic advantages for end users who locate within a logistics hub:

- The hub will eliminate multiple stops as the intermodal is "under one roof."
- The hub avoids multiple unloading and reloading of products.
- One-stop shopping creates more efficiency in the distribution of goods.
- Efficiency creates savings, and thus the ongoing expense of operating in a hub location is likely to be less costly.
- The hub provides quicker delivery time, allowing your industrial clients to meet their customer delivery guarantees.

## Developing a Logistics Hub

Not every market is physically suitable for a logistics hub. Developers generally need:

- **Relatively inexpensive land** to keep down leasing and selling costs.
- **Low barriers for entry.** Texas, for example, has more flat land and easier permitting than my home state of Massachusetts.
- **A location that supports intermodal.** To install an airport or rail line can take years, if it's even possible.

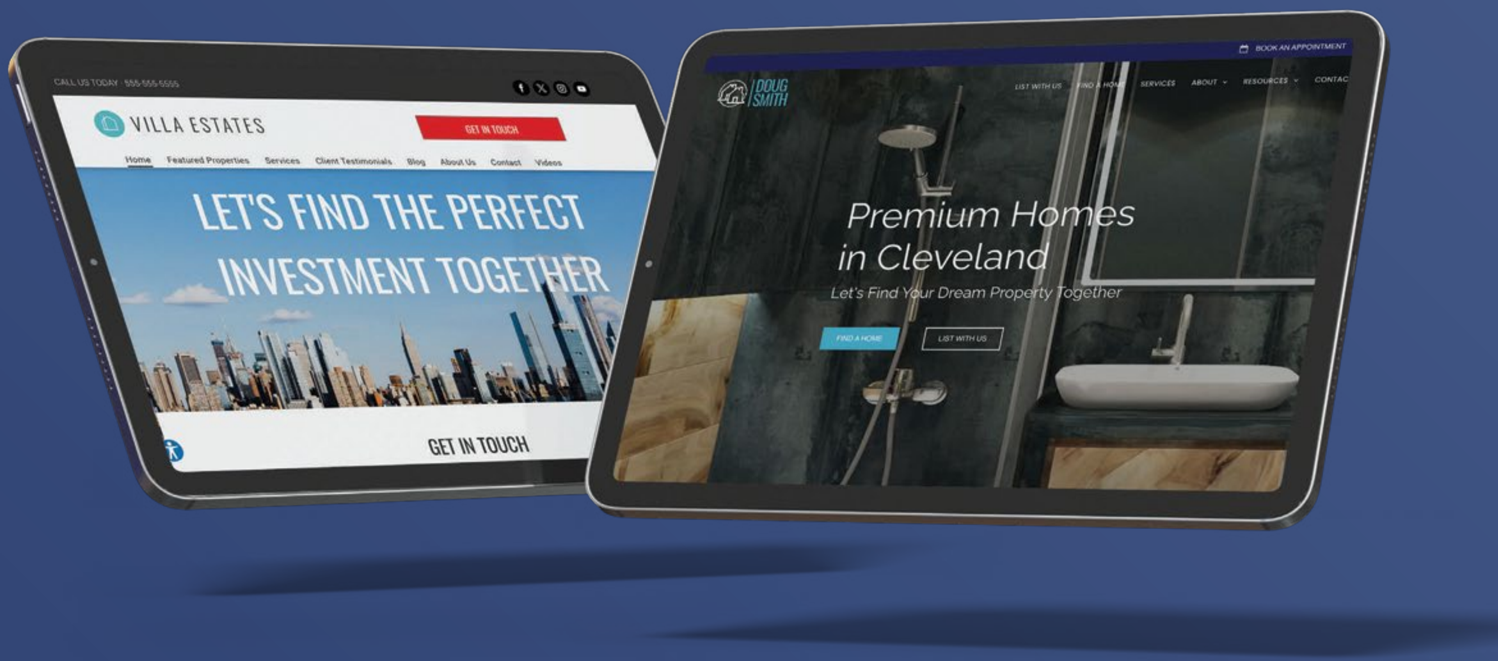
A developer doesn't necessarily need to construct a hub park with contained airport, highway or ocean access, as long as access is nearby. Logistx Hub Savannah is located within minutes of the Savannah–Hilton Head International Airport, the shipping port, and Route 95, a federal highway stretching from Maine to Florida.

The advantage to "co-locating" near intermodal infrastructure is that the developer may not need to find 1,000 acres. If the surrounding area can provide access to a port, highway, and rail or sea (or both), then the logistics hub may be delivered with less acreage. The hub size could be dictated by the square footage of buildings to be developed. Near the Port of Miami and Port Everglades in Fort Lauderdale, Fla., you'll find examples of how the surrounding infrastructure allows logistics hub parks to be built on limited land.

For a broker, understanding your market—including the presence of logistics hubs and certified sites *(see sidebar)*—gives you the credibility and professionalism clients expect. ■


*Rob Nahigian, SIOR, CRE, is president of Auburndale Realty in Newton, Mass. Over 50-plus years, he has handled approximately*

*$7.2 billion of real estate. He is a frequent speaker and author on transportation and its impact on real estate site selection.*

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# HOW NETWORKING WINS WORK

Women join together to foster connections, build leadership skills and advance their commercial real estate careers.

BY NICOLE SLAUGHTER GRAHAM

In commercial real estate, women provide a powerful source of camaraderie and support for one another.

Networking events like NAR's C5 + CCIM Global Summit, plus local and state association opportunities, empower women to succeed as business leaders. The 2024 summit in Hollywood, Fla., for example, offered a women's leadership breakfast panel focusing on the benefits of mentorship and innovative approaches to work-life balance. It featured three CCIM designees, **Stephanie Colman**, vice president at JLL in Stamford, Conn.; **D'Etta Casto-DeLeon**, 2024 global president of the CCIM Institute and director at CBRE Loan Services in Houston; and **Cynthia Shelton**, senior managing director with LQ Commercial in Orlando. **Danielle Blake**, chief of commercial for Miami REALTORS®, was the moderator.

"By building a strong network of like-minded individuals, we can increase our competence, enhance our confidence, and make meaningful connections that will help us achieve our goals," Casto-DeLeon (*above*) says.

"One of the most memorable moments of my career came during a visit to a CCIM chapter on the East Coast. While in the area, I took the opportunity to meet with an existing client in person, which led to a major deal that increased our loan count by 450 new loans and added $13 billion to our portfolio. This experience was a testament to the value of building relationships and being proactive in the industry."

NAR affiliate Women's Council of REALTORS® brings together 13,000 professionals in more than 250 local and state networks that offer women a chance to grow as business leaders, access training, and gain insights for winning the next deal.

"Women are so crucial to the real estate industry and community," says **Amanda Stinton**, CEO of WCR. "Our members thrive on developing leaders for the industry, creating impact, being an influential voice in the industry and building relationships within and around organized real estate."

## A Multidisciplinary Approach

Some NAR members also participate in the Commercial Real Estate Women Network, better known as CREW Network. It gives professionals across a range of disciplines—including law, architecture, accounting, sales, manage-

On this page: D'Etta Casto-DeLeon (far left); Lisa Lutoff-Perlo (above, left), vice chairman of external affairs for Royal Caribbean Group and Holly Cohen, CREW Miami 2024 president; and CREW Miami members at networking events. Next page: CREW Miami leaders (top left and center); CREW Chicago event attendees (top and far right); Sophie Bidek (bottom right); and Karley Chynces (bottom left).

ment and appraisal—an opportunity to connect and grow together. We asked three CREW members, a real estate agent from Miami, a civil engineer from Austin, Texas, and an architect from Chicago to talk about what networking with other women has meant to their career.

**Karley Chynces** (*left*) is a commercial real estate agent with ONE Sotheby's International in Coral Gables, Fla., and a 2023 REALTOR® Magazine 30 Under 30 honoree. An active member of the Miami REALTORS®, Chynces joined the CREW Miami network in January 2024 after a few members reached out to her directly. "I've always struggled to find a group of women, and CREW gives me that. It's a very safe and open-minded space."

During a lunch outing with another CREW member, Chynces learned about financial and lending structures that could apply to commercial leases. "This information allows me to better serve my clients and gives me room to say yes in so many ways that I didn't know were available," she says.

**Jennifer Paisley**, a civil engineer from Austin, Texas, served as 2024 president of CREW Austin. Her first CREW event in Houston included an offsite tour explaining the development of the MetroRail to NRG Park, home of the Houston Texans and Houston Rodeo. "As a civil engineer, I'm all about that nerdy stuff," she says.

The energy of the event might have captivated Paisley, but the connections she's made and the leadership opportunities she's cultivated keep her engaged. "When I need something, I can call anyone that I've met through CREW. There's a database and we can search for someone in a specific area or city where we might need to do business."

Architect **Sophie Bidek** (*above*) CREW Chicago's 2024 president and a partner at Hartshorne Plunkard Architecture, was looking to widen her sphere. In 2011 when she was first promoted to a leadership role, she had three goals in mind: expand her network in the commercial space, access the programming and education that CREW Chicago provided, and find a space to support other women in the industry. She dove in and dedicated herself to the network, and it paid dividends, she says. "Since then, I have had the opportunity to both give and receive business with fellow members, speak on panels, lead tours of my projects, teach young women about careers in real estate and travel to various leadership trainings and conventions."

Having a strong network helps women find success and power in their work and ultimately benefits the commercial real estate industry. Bidek likes being able to further this mission through her work in leadership and by taking what she learns back to the office.

The network is powerful, she says, and she's seen it work in real time. "I can't count the number of times members have lifted each other up to broadcast promotions, make introductions, or refer business. For example, on one project, a developer member hired me to design a building, another [CREW] member to insure it, another member did the legal work, and a fourth handled the accounting." ■

*Nicole Slaughter Graham is an independent journalist and consulting editor with REALTOR® Magazine.*

## Snapshot of Q4 2024

The end of 2024 saw office absorption improve from Q3's -30.7 million square feet as employers pushed for return to offices. Multifamily faces oversupply, while retail stays tight.

*Year-over-year data as of February 2025*

| | Net Absorption | Rent Growth | Vacancy Rate | Cap Rate | Hot Markets |
|---|---|---|---|---|---|
| Industrial | 115.38 million square feet | 2.16% | 6.79% | 7.47% | Atlanta; Minneapolis |
| Multifamily | 557,121 units | .99% | 8.01% | 6.09% | New York; Providence, R.I. |
| Office | –17.90 million square feet | 1.02% | 13.82% | 8.89% | Inland Empire, Calif.; Miami |
| Retail | 23.21 million square feet | 1.91% | 4.07% | 7.01% | Jacksonville, Fla.; Salt Lake City |

SOURCE: NAR ANALYSIS OF COSTAR DATA

# Short-term Risk, Long-term Gain

Commercial real estate will strengthen with subsiding Treasury rate, debt reduction and increased domestic production.

**BY LAWRENCE YUN**

The economy isn't liking tariffs—at least based on the stock market reaction. In the near term, the higher cost on imported goods will be passed onto consumers and producers and thereby nudge up the inflation rate. The higher inflation in turn will prevent the Federal Reserve and the longer-term interest rates from falling meaningfully. All the while, commercial real estate pressingly needs lower interest rates. Close to $1 trillion in commercial loans are coming due for refinancing this year.

Over time, however, the inflation rate may subside. A steady boost in U.S. production—in some sectors because of tariffs—along with less federal regulation and more domestic energy production—could make inflation a non-issue. Moreover, the ongoing oversupply of multifamily housing unit completions will dampen rent growth.

The 10-year Treasury benchmark rate appears to have peaked. As of early March, it is at its lowest level since the election of President Trump. Commercial interest rates and the average cap rate will therefore be at least 50 basis points lower compared to the recent cyclical peak in mid-January. In addition, cutting government spending will dent the growth in national debt. More capital can then be available for the private sector. There are growing signs of more CMBS issuance. Commercial real estate prices have also been inching higher after the nasty tumble of the past two years. The recovery may not be robust, but it is happening. ■

*Lawrence Yun is chief economist and senior vice president of research for the National Association of REALTORS®.*

## The Latest

**NAR's monthly Commercial Market Insights and quarterly Commercial Real Estate Metro Market reports analyze the fundamentals and direction of the commercial real estate market and provide a deep dive into the nation's 175 largest metropolitan commercial real estate markets.**

**Commercial Market Insights: nar.realtor/commercial-market-insights**

**Commercial Metro Market Reports: nar.realtor/commercial-metro-market-reports**

# All Eyes on the New Congress

NAR sets sights on four political priorities that are certain to impact commercial real estate in 2025.

**BY ERIN STACKLEY**

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As President Donald Trump and 119th Congress reach the close of the "first 100 days"—the period during which presidents traditionally convene their cabinets and the Administration and Congress begin the work of legislative and regulatory rulemaking—there are big questions about what impact the next four years will have on the real estate industry.

Things may be unpredictable for a while in Washington, D.C., but real estate industry leaders can predict with some certainty the top priority issues likely to impact commercial real estate this year.

**TAX REFORM:** Provisions from 2017's Tax Cuts and Jobs Act (TCJA) will expire at the end of 2025 unless Congress reauthorizes them. Those provisions include the Qualified Opportunity Zone program and the 199A Qualified Business Interest Deduction.

The National Association of REALTORS® has already begun meeting with lawmakers to discuss the future of the TCJA and its programs. NAR continues to advocate for reauthorization, supporting changes to the opportunity zone program to make it more effective, keeping the 199A deduction, raising the state and local tax deduction, enhancing the capital gains exclusion and, of course, doing all this without harming important tax provisions like the 1031 like-kind exchange.

**INFLATION REDUCTION ACT CHANGES:** The Inflation Reduction Act (IRA) of 2022 included new programs to encourage sustainability in business and building practices. As Congress looks to tax reform, lawmakers will need to find other areas to cut spending to make up for any additions to the deficit, and it is likely that many provisions from the IRA will be impacted.

**WATERS OF THE U.S. RULE:** Each new administration examines existing regulations and frequently "repeals and replaces" them with their own through notice-and-comment rulemaking. The Waters of the U.S. (WOTUS) rule is one that is particularly susceptible, especially as it has been subject to a string of lawsuits alleging that it exceeds the authority of the Environmental Protection Agency under the Clean Water Act. In a win for property owners, EPA Administrator Lee Zeldin, joined by NAR President Kevin Sears, announced March 12 that the EPA will simplify the rule, cutting red tape and permitting costs.

**INCREASING HOUSING:** In one of his first executive orders, President Trump affirmed his commitment to addressing the nation's housing shortage via policies that support preserving and adding to the existing stock. Commercial real estate experts know that the housing shortage goes well beyond impacting residential real estate. Communities lack workforce housing and affordable rental housing, both of which affect the ability to build and expand, and economies stagnate when they cannot grow.

Additionally, some proposed solutions may bring opportunities to commercial practitioners, such as the "Revitalizing Downtowns and Main Streets Act" which would create a tax incentive to adapt underutilized commercial properties into housing.

As the dust settles and Congress gets down to its priority issues for the year, NAR will continue to monitor these issues and advocate for policies and programs that benefit members who work in commercial real estate and their clients. Commercial real estate plays a critical role in our nation's economy, and it's important that our national policies reflect that. ■

*Erin Stackley is the senior representative on commercial legislative policy for NAR.*

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# Advanced Air Filtration Technology Saves Costs, Sells Buildings

Preparing commercial buildings for tomorrow's pandemics and everyday IAQ.

**BY NICK AGOPIAN**

The COVID-19 pandemic raised the profile of building filtration systems able to screen out airborne particles. Since then, wildfire smoke from a tinder box of drought-stricken forests across North America have added to commercial building indoor-air quality (IAQ) concerns. Recent wildfires proved that smoke can waft across hundreds of miles and infiltrate the indoor breathing zones of even the most tightly constructed buildings.

Wildfire smoke spells bad news for commercial buildings that are mandated to continuously add 10% to 20% fresh outdoor air into their HVAC supply air as mandated by IAQ codes such as ASHRAE Standard 62.1, "Ventilation and Acceptable Indoor Air Quality." Ironically, fresh air building codes designed to dilute or replace indoor air contaminants are actually adding unacceptable amounts of pollution during wildfire smoke periods.

However, with the advent of advanced IAQ technology, such as non-thermal plasma-based filtration, commercial property owners and managers can promise tenants a healthier future. They can also set themselves apart by marketing their property as adhering to the safest air quality standards.

## The Dangers of PM2.5

Smoke and biological contaminants have different makeups. Thus, they require different mitigation measures.

Wildfire combustion smoke consists of small particles, gases, and water vapor. Water vapor makes up most of the smoke. The remainder includes carbon monoxide (CO), carbon dioxide ($CO_2$), nitrogen dioxide ($NO_2$), irritant volatile organic compounds (VOCs), air toxins, and very small particles. By the time wind currents distribute wildfire byproducts hundreds of miles, the gases have dissipated. Consequently, the remnants are predominately particles in the Particulate Matter 2.5-micron (μm) range, which are harmful to human respiratory systems.

PM2.5 floats almost perpetually within commercial and residential spaces. PM2.5 can be biological or just simple sub-micron dust. Direct sunlight can sometimes highlight PM2.5 particles, but otherwise they are invisible. These potentially lethal floaters, when inhaled by occupants, are small enough to flow through the lungs and into the bloodstream, where they can eventually join triglycerides, cholesterol and other accumulations of particles that can cause heart disease, or worse yet, a fatal heart attack.

## Particulate Filtration

Commercial building HVAC equipment, especially older systems, may not have dense enough air filter media to capture PM2.5. For example, a Minimum Efficiency Reporting Value (MERV) 13 filter can trap 50% of .3 to 1.0-μm; 85% of 1.0 to 3.0-μm; and 90% of 3.0 to 10-μm particles. A 90% or higher entrapment is acceptable; however, many older HVAC filter systems use standard MERV 11 and MERV 8 media filters, which trap only 65% and 20% of PM2.5, respectively.

Upgrading to MERV 13 is possible, but only for HVAC systems that can handle the increased static pressure, or airflow resistance. Filters such as high efficiency particulate air (HEPA) filters (rated MERV 17 to 20) capably entrap microscopic contaminants but are not usable in HVAC systems that weren't designed for the inherent static pressure drops of denser media. HVAC systems converted to HEPA filters require more fan horsepower and possible ductwork retrofits.

Facility owners looking to upgrade to higher efficiency HVAC filters, such as MERV 13 or HEPA, should check with the manufacturer or the system's design engineer.

Besides the inherent static pressure drops and upfront equipment capital costs, a disadvantage of particulate filtration is the high cost of periodic HEPA filter media replacement. During a pandemic, replacing HEPA filters also requires hazmat-certified service techs, vehicles and landfills. Furthermore, the energy consumption from larger fans required to offset anticipated static pressure losses can increase building operational costs.

## Disinfecting Biological Contaminants

HEPA filters capably entrap viruses, allergens, mold, mildew and other biological contaminants, but the captured microorganisms can survive and even replicate while residing in the filter. ASHRAE Standard 241 recommends filtration that disinfects or neutralizes these contaminants. The most popular methods are ultraviolet germicidal irradiation (UVGI), bipolar ionization and non-thermal plasma.

UVGI technology isn't new and has been used to disinfect air for decades. It employs ultraviolet waves, the same waves produced by the sun. There's no doubt UV-C lamp systems, which are placed in the HVAC system near the evaporator coil or in ductwork, effectively disinfect biological contaminants especially those that pass two UVGI effectiveness test standards:

- ANSI/ASHRAE Standard 185.1: UVGI lamps for in-duct irradiation of airborne microorganisms
- ANCI/ASHRAE Standard 185.2: UVGI lamps for in-duct surface irradiation

The proof is visible. Air conditioning evaporator coils outfitted with UV-C lamps remain clean over the HVAC system's lifespan and often require no periodic cleaning, which cuts coil maintenance and mold removal costs.

However, UV-C lamps require replacement every one to three years, which is costly, and they are unable to capture and remove particulates from the airstream.

Ionization, another disinfection filtration method that's sometimes referred to as bipolar ionization, creates airborne ions from a generator installed inside the HVAC system airflow. Positively and negatively charged ions are generated from an ionizer and distributed throughout the occupied space via the HVAC system ductwork. Once in the occupied space, they electronically attach to particulates to enlarge them. Thus, contaminants that once flowed through MERV 8 or MERV 13 filters are now larger via agglomeration and become entrapped.

The disadvantage is that the ions dissipate in just a few minutes inside their destination space. The ions can also prematurely dissipate in long commercial ductwork runs. The ionization process also generates ozone, which the EPA has determined as a respiratory health issue.

## Filters That Disinfect and Collect Particulates

Recent advancements have combined disinfection of biological contaminants with particle collection. One technology, non-thermal plasma-based filtration, was recently featured in the December issue of the peer-reviewed *ASHRAE Journal*. This newer technology is the size of a one-inch-thick media filter, available in various widths and lengths to fit most HVAC filter rack sizes. The UL2998-validated technology creates a high-voltage plasmic electric field in the HVAC airflow that kills or alters biological contaminants' ability to replicate.

Besides electrical disinfection, non-thermal plasma-based filters electrostatically charge airstream contaminants. The polarity electrically attaches the ions to each other and contaminants. Therefore, contaminants that were too small for media filter entrapment are now enlarged by the agglomeration of negatively and positively charged ion attraction. The enlargement prevents their free flow through MERV 8 and MERV 13 media filters, and they perform like MERV 13 and MERV 16 filters (respectively), but without the energy-consuming static pressure increases of those denser filter medias.

The cost savings of non-thermal plasma-based filters are multifaceted. Not only are MERV 8 filters more energy efficient, but they are also 66% less expensive to replace than MERV 13 filters. Maintenance costs are reduced because evaporator coils will need less or possibly no cleaning of biological slime that commonly adheres to dark, moist HVAC interiors. Clean coils result in better thermal transfer and HVAC energy efficiency. Maintenance requires vacuuming the filter every six months.

Instituting mitigations for future catastrophic events is a marketing tool many real estate managers are investing in today. Whether the intent is to mitigate the next pathogen or just capture everyday allergens, mold, mildew and PM2.5 for general occupant health, incorporating and marketing IAQ practices and equipment upgrades can be a smart business move. ■

*Nick Agopian is president of Reviveaire, a supplier of advanced IAQ disinfection and airborne collection particle systems.*

## ASHRAE Standards Become the Norm

The American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE) published its new Standard 241 "Control of Infectious Aerosols" in 2023 to reduce the risk of infectious aerosol transmission in buildings. ASHRAE 241 research studies found that increased outdoor air ventilation combined with new innovative HVAC system air filtration technologies can significantly reduce and mitigate viruses such as SARS CoV-2, which causes COVID-19.

Consequently, cities across the nation are now modifying codes to include Standard 241 recommendations with the goal of keeping commercial and residential building occupants healthier during pandemics and year-round.

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PRESIDENT'S MESSAGE

# THE MORE YOU KNOW

**September is a great time to visit Chicago, and this year you have a reason to experience it for yourself: Chicago is the host city for the C5 + CCIM Global Summit, Sept. 16–18. With its 77 neighborhoods and cutting-edge architecture, the city is a great backdrop for a commercial real estate conference. Past summits have received rave reviews for their informative field visits and outstanding education lineup. I hope you'll join us. Registration opens April 23.**

Learn more at c5summit.realestate

**Speaking of education, CREATE Magazine is all about giving you a knowledge edge in your commercial real estate business. Starting with this issue, the magazine is now digital-only, which will enable us to provide more timely, frequent updates. Sign into My Account at nar.realtor to ensure you're subscribed to the latest commercial features and news items in your Edge Up weekly news. And bookmark CREATE for instant access.**

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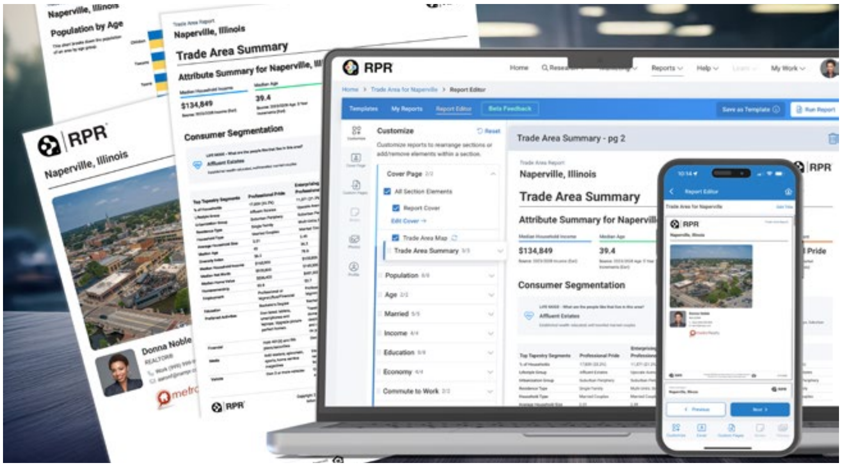


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Realtors Property Resource®, which enables commercial members of NAR to see on-market and off-market properties all in one place, introduces a new report template: the Trade Area template.

With this exclusive tool, you can find actionable insights into consumer preferences, purchasing behaviors and demographic data, helping your clients make informed, data-driven decisions.

What's unique about the Trade Area template and other Next Gen Reports is the ability to reorder, add and delete elements, allowing you to build a personalized client report. Plus, you can save your customized reports as templates for future use, streamlining your workflow and enhancing your client presentations.

## Great Site Selection Tool

The Trade Area template allows you to easily provide business clients with in-depth insights into a specific area, helping your clients identify optimal locations that align with their target market and growth strategies.

Whether it's for a retailer seeking foot traffic, a restaurant targeting specific demographics or an entrepreneur launching a new venture, the Trade Area template simplifies the process of analyzing and presenting key location data. The report literally lays out where consumers spend and how much they spend on given goods and services.

## How to Use RPR's Trade Area Template

- **1. Access the Trade Area template.** Under the main navigation bar, select "Reports." Then choose "Beta Report Templates." Select the "Trade Area" template, and the Select Location model will appear. Enter an area (City, Zip or Neighborhood).
- **2. Customize Your Report.** Use the Report Editor to add, remove or modify data points, ensuring the report meets your client's specific needs. You can also create and save custom templates for future use.
- **3. Generate and Share.** Run the report and share it with your client. You can use the default title, "Trade Area," or retitle the report for clarity.

The Trade Area template is also available on the RPR Mobile™ app. Stay tuned for more templates in the coming months, including Market Activity, Neighborhood, School, Valuation Workbook, and Flyer templates.

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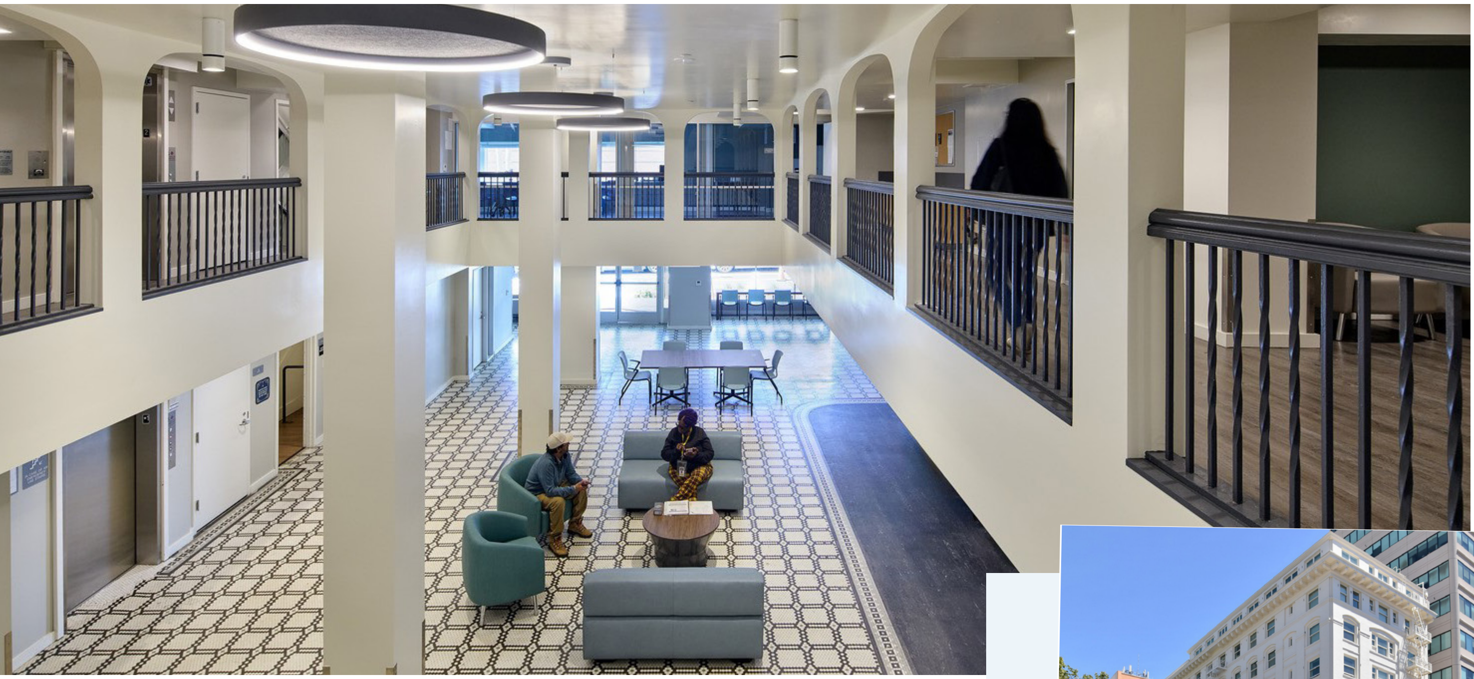

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# A Fresh Start

BY JEFFREY STEELE

The conversion of an old Sacramento hotel into an apartment building for folks transitioning out of homelessness—The St. Clare at Capitol Park—has garnered multiple real estate and architectural awards.

California nonprofit Mercy Housing acquired the building in late 2020. Early construction activities uncovered a myriad of unforeseen defects that included deteriorated wood in structural elements, elevator shafts with incomplete support at the ground level, and un-permitted and deficient construction at upper levels. Battling pandemic materials and labor shortfalls and delays, the historic rehabilitation team shored up the structure, rebuilt interior walls, installed new windows that mimicked the old ones and added a custom electrical system. Changes were also needed to bring the building to today's accessibility standards, says Peter Birkholz, principal with project architect Page & Turnbull, San Francisco. "The existing historic doors were too narrow to provide code-compliant access," he says. "We had to increase the width and obtain replica doors that matched the existing doors and trim to replicate the historic material."

The original tile in the building's community room was covered for protection during construction, and then cleaned, polished and repaired, says Rich Ciraulo, Mercy Housing regional director. Along with hurdles came happy surprises, he says, such as exposing a hidden decorative column supporting a beautiful, coffered ceiling.

**"We weren't looking to make it new. We kept the imperfections as a nod to authenticity."**

*Rich Ciraulo, Mercy Housing regional director of real estate development*

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**DUAL BENEFITS**
Welcoming its first residents in early 2024, the eight-story St. Clare at Capitol Park provides both historic character and critically needed housing.

## THE DETAILS

- The site was originally two adjacent hotels, one built in 1922, the other in 1924
- The space later became a business school before converting back to a hotel
- Project owner Mercy Housing worked hand-in-hand with the Sacramento Housing and Redevelopment Agency to create 134 permanent supportive apartment homes and 2,600 square feet of ground-floor commercial space
- Accessibility features added, while historic fire escapes offer egress
- Construction timetable grew from 18 months to three years, due to the pandemic
- Funding sources for the $77M project include the California Low-income Housing Tax Credit and donations from Mercy Foundation and Kaiser Permanente

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