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Ideas / Issues / Trends

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FALL 2026



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Ryan Companies: Building Worth

The 2026 Developer of the Year started out as a family-owned Minnesota lumberyard before growing into one of North America's most respected real estate companies.

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Bellevue Station's mix of transit, retail, offices and residences introduces city pleasures to Denver's affluent suburbs.

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Turning Office Vacancy Into Housing

New zoning rules and tax incentives are helping to fuel a new wave of office-to-residential conversions in New York City.

94 Business/Trends

Lessons From a Mall-to-Mixed-use Conversion

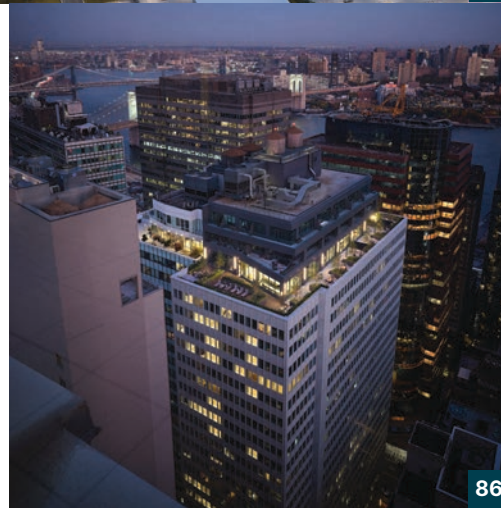
Mall conversions are more likely to succeed when stakeholders treat them as opportunities for civic redevelopment, not simply retail repositioning.



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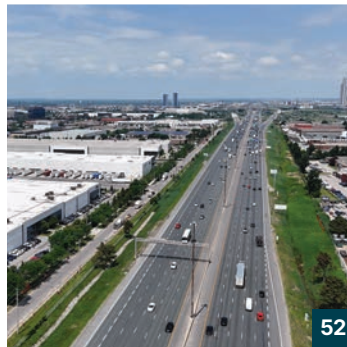
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On the cover: Ryan Companies CEO Brian Murray in front of the Highland Bridge development . Rubinstein Photo

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A Note From The Editor

Inside and In Brief

A New Name, the Same Commitment to Excellence

Welcome to the first issue of Development under the Commercial Real Estate Development Association brand. While our name has changed, the purpose behind this magazine remains the same: to highlight the people, projects and ideas shaping the future of our industry.

This issue is, in many ways, about evolution. We're proud to celebrate Ryan Companies, our 2026 Developer of the Year, whose work reflects the vision, innovation and leadership that continue to move commercial real estate forward. You'll also explore the transformation of Bellevue Station in Denver and learn how new zoning rules and tax incentives are helping unlock a fresh wave of office-to-residential conversions in New York City.

That same spirit of evolution extends beyond development itself. As rising electricity costs and a maturing market reshape investment decisions, renewable energy is becoming a business strategy as much as a sustainability initiative. And as our industry navigates changing risks, we're pleased to feature highlights from the CREDA Research Foundation's latest report, Insights on Managing Physical Risk in Commercial Real Estate, which offers practical guidance for an increasingly complex landscape.

Our brand launch marks an exciting new era for our association, and it also reflects something much bigger: an industry that never stands still. It evolves, adapts and finds new ways to create lasting value for the communities it serves. We look forward to continuing to tell those stories in every issue.

Kathryn Hamilton, CAE

Editor-in-Chief



Kathryn Hamilton



Future CREDA Events

CREDA Conference,
Oct. 5-7, 2026, Denver

**Chapter Leadership and
Legislative Retreat,**
Feb. 1-3, 2027, Washington, D.C.

**I.CON West:
The Industrial Conference,**
March 9-10, 2027, Los Angeles
Forums Symposium,
March 30-April 1, 2027, Nashville

Most Popular From Summer 2026

1. **"Gateway vs. Secondary Cities:
The New Investor Road Map"**
(credaglobal.org/gatewayvssecondary)
2. **"Reinventing Suburban Offices"**
(credaglobal.org/26reinventing)
3. **"Cold Storage Investment: The Case
for Temperature-controlled Real Estate"**
(credaglobal.org/26coldstorage)
4. **"Bringing Data Centers to Brownfields"**
(credaglobal.org/26databrownfields)
5. **"The Rust Belt Renaissance"**
(credaglobal.org/rust-belt-renaissance)

In Brief

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

Industry Outlook

70% The percentage of commercial real estate investors indicating a preference to hold assets in the first quarter of the year, an increase of 7 percentage points from the prior quarter, according to results from SitusAMC Insights' proprietary quarterly survey. At the same time, the preference for buying fell from 30% to 26%, and the preference to sell decreased from 7% to 4%, supporting the "view of an increasingly gummed-up CRE market."

Data Centers

1,135.9 MW

The amount of inventory that Northern Virginia, the world's largest data center market, added in the first quarter of the year. Despite that substantial new supply, the

region's vacancy rate stood at a record-low 0.3%, according to CBRE's Global Data Center Trends 2026 report. Dallas-Fort Worth posted the second-largest inventory gain (379.9 megawatts) in North America and now ranks as the region's third-largest market behind Northern Virginia and Atlanta.

Office

4 The number of consecutive years leasing volumes for law firms have reached record levels in the United States, according to Cushman & Wakefield. Firms leased 4.6 million square feet of office space in the first quarter of the year, one of the strongest openings on record. "Most legal leases reflect stability or growth, with expansions rising and downsizing becoming less common in recent years, signaling sustained confidence in long-term growth expectations and the importance of the office for law firm performance."

Retail

12.5% The amount that visits to U.S. retail corridors in the second quarter of the year ran below 2019 levels. As noted by Placer.ai, the first-half numbers are a reversal of the gains made in 2025, when the gap in retail corridor visits compared with 2019 narrowed to 9.5% in the second quarter. On a brighter note, Friday and Saturday night retail corridor traffic now exceeds pre-pandemic levels. This “reflects what’s happening on the ground in downtowns nationwide, where restaurants are driving retail leasing activity and cities are increasingly investing in programming that attracts visitors after hours.”

Multifamily

\$1,763 The average U.S. multifamily advertised rent in June, a modest increase of \$4 over the prior month, as noted in a Yardi

Matrix multifamily national report. “Rents rose 0.7% during the second quarter and 1.0% during the first half of the year. While positive, both measures remain well below the pace recorded during the immediate post-pandemic period and pre-pandemic norms.” By comparison, rents typically increased 2.7% during the first half of the year and 1.8% in the second quarter from 2013 to 2019, according to the report.

Artificial Intelligence

35% The percentage of institutional commercial real estate investors in an independent survey who said they trust AI to score and rank

opportunities, as detailed in the Dealpath report The 2026 State of AI in CRE Investing: Adoption Without Impact. The same survey found that 55% of respondents trust AI to summarize diligence documents, while 49% trust it to enrich deal data.

Hospitality

18.7% The amount that revenue per available room went up for hoteliers in host markets for the 2026 FIFA World Cup tournament’s group stage from June 11-27, according to data from STR/CoStar and as reported by Bisnow. Nonhost markets recorded a 7.9% improvement over the same period. The host sites were Mexico City, Guadalajara and Monterrey in Mexico; Toronto and Vancouver in Canada; and Los Angeles, Boston, New York/New Jersey, San Francisco, Philadelphia, Houston, Dallas, Miami, Atlanta, Seattle and Kansas City in the U.S. ■

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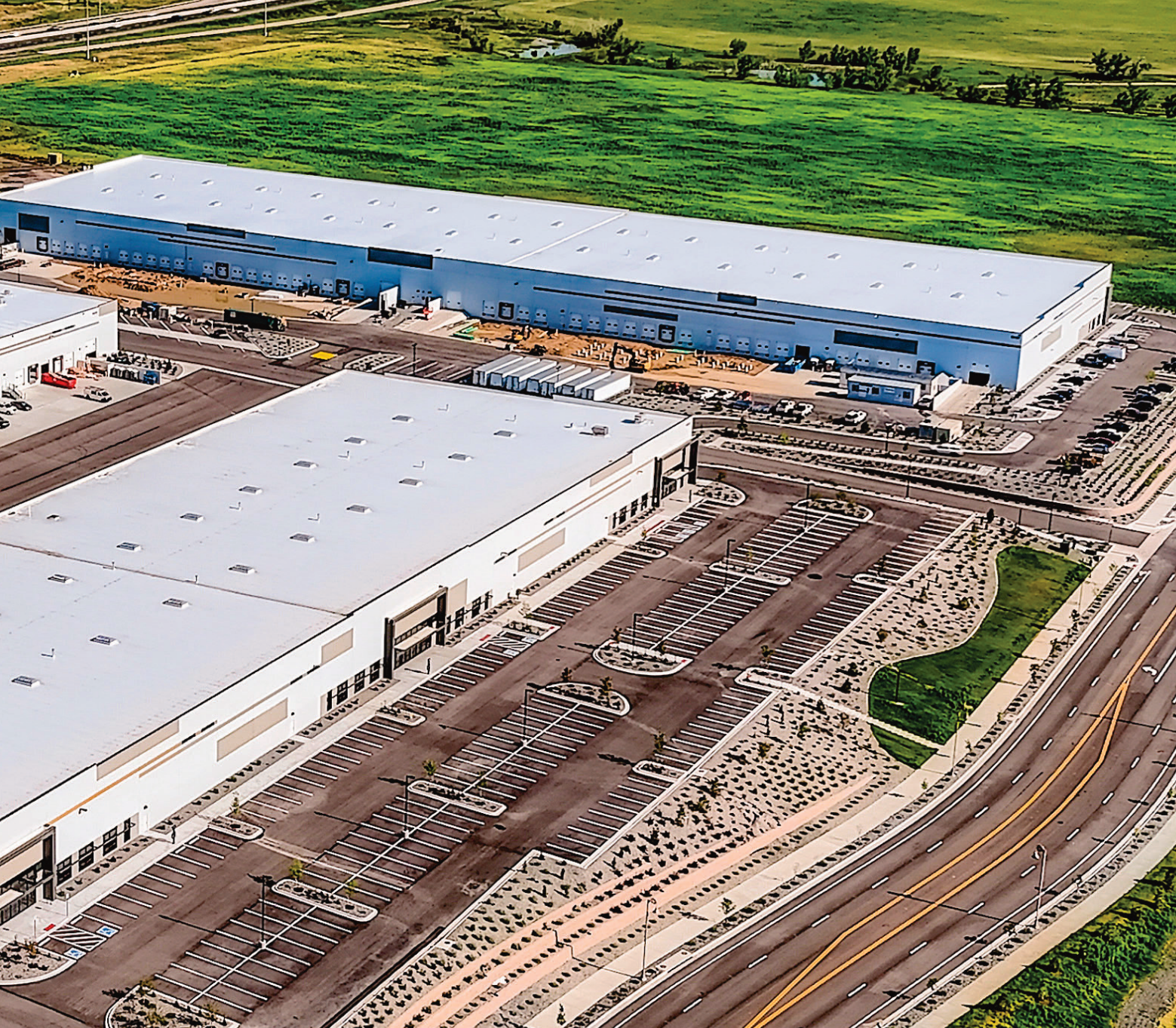
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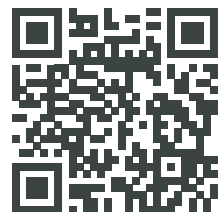
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Where the Construction Workers Are (Maybe)

State and metro employment figures can help spot labor market shifts if viewed in the proper context.

By Ken Simonson, AGC

With construction workers seemingly in short supply, developers naturally want to know if there are enough workers in their area to execute a project on time. While there are no guarantees, data from the Bureau of Labor Statistics (BLS) can offer a clue.

Each month, typically two weeks after posting national employment data, BLS posts two figures for every state and Washington, D.C.: seasonally adjusted employment and not seasonally adjusted employment. Seasonal adjustment is a widely used statistical method to account for regularly occurring variations due to weather,

school opening dates or other events that can affect when contractors begin or finish some types of projects. Thus, changes in seasonally adjusted employment levels are more likely to reveal underlying trends related to economic activity.

Both types of data are best compared year over year, not month to month. Extremely mild or challenging weather (such as hurricanes or extended periods of frozen or snow-covered ground) can distort the normal variation from one month to the preceding or succeeding month. The ramping up or winding down of a particularly large project in a given month

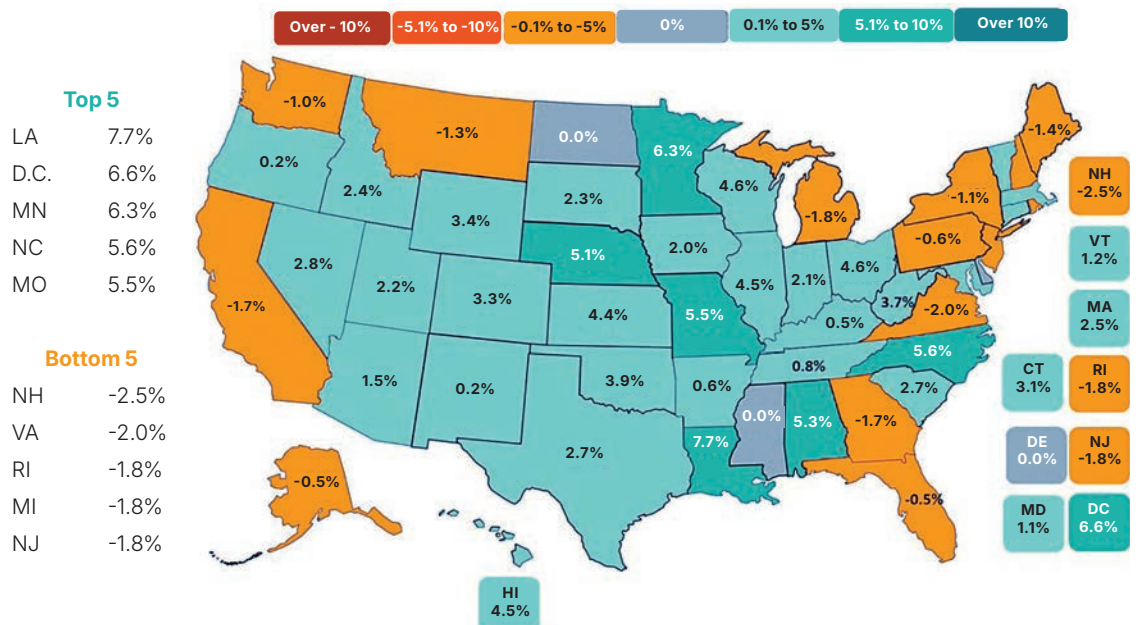
can also produce a misleading picture, especially in places with typically low levels of employment.

The map below provides a snapshot of the change in construction employment from June 2025 to June 2026. Over this period, 33 states (plus Washington, D.C.) realized growth in construction employment, while 14 states experienced negative construction job growth and three states remained unchanged. While these particular months may have anomalous changes in employment, similar maps from other recent months generally indicate that the same pattern held in most states. For instance, from May 2025 to May 2026, 33 states had increases in construction employment, and 17 (plus Washington, D.C.) had decreases. Moreover, most states posted gains (or losses) in both May and June. The handful of states that changed generally had minimal losses (or gains) in the previous period.

Construction Job Growth Is Uneven Across States

33 states and D.C. up, 14 states down and 3 states unchanged June 2025-June 2026 (U.S. up 0.8%)

165 metros (46%) up, 131 (36%) down, 64 unchanged



Source: Bureau of Labor Statistics, state and area employment, www.bls.gov/sae

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Of course, for projects located close to another state's population center, there may be workers willing to cross state lines. Thus, it is useful to look beyond the borders of a single state to get an idea of available workers — or of a magnet that may pull workers away.

Furthermore, knowing that employment is increasing or decreasing statewide in a state as spread out as Florida, Texas or California does not reveal much about the availability of workers locally. Fortunately, BLS also posts construction employment data for some 360 metro areas, including separate divisions of 13 large metros. (For about 80% of these areas, as well as for Delaware, Hawaii and Washington, D.C., BLS posts

only combined mining, logging, and construction totals, but in nearly all cases, construction accounts for virtually the entire combined total.)

The Associated General Contractors of America posts rankings of all states, Washington, D.C., and the 360 metro areas by both numeric and percentage change over the latest 12 months at [agc.org/learn/construction-data/construction-data-employment](https://www.agc.org/learn/construction-data/construction-data-employment). (BLS does not seasonally adjust metro data, making year-over-year comparisons of the same month or group of months the only meaningful way to interpret changes in employment levels.)

California provides an illustration of why metro data is important. While the state had a decline of 12,700 construction employees between June 2025 and June 2026 and five of its areas were among the 10 metros with the largest losses, the San Jose-Sunnyvale-Santa Clara metro added 4,200 jobs in that span.

In short, BLS data can be helpful in learning where construction activity is growing or weakening. However, there are a couple of caveats to

BLS data can be helpful in learning where construction activity is growing or weakening. However, there are a couple of caveats to keep in mind.

keep in mind. Initial estimates are sometimes revised in the subsequent two reports and again with the release of January numbers the following year. Also, the figures for most states are not broken out between residential and nonresidential construction or between building firms and heavy and civil engineering construction firms, which mainly do nonbuilding projects. As with any data source, these figures provide a useful benchmark, not a fool-proof guide. ■

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



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Experiential Tenants Are Rewriting the Urban Real Estate Playbook in Chicago

Experience-driven concepts show the potential to turn hard-to-fill spaces into neighborhood anchors.

By Warren Strovel, Friedman Properties

Commercial real estate has often been thought to follow people: where they live, work, shop and gather. Neighborhoods that successfully blend those uses tend to be the most vibrant and resilient. Experiential retail has emerged as a critical element in making these mixed-use districts more enduring.

Experiential retail can take many forms, including immersive entertainment venues, interactive dining concepts and engaging cultural attractions. And this sector is growing — the global experiential retail market was valued at approximately \$132 billion in 2025, according to Metatech Insights, and is projected to reach \$543 billion by 2035. This trend is particularly popular with younger consumers. Recent McKinsey consumer research indicates that Gen Z is 1.5 times more likely than the general population and four times more likely than older generations to visit an immersive experience.

Destination-oriented concepts provide benefits to surrounding businesses, ultimately creating a more robust commercial district. Restaurants gain additional pre- and post-event customers, hotels have another amenity to market, and retailers see an increase in foot traffic. Additionally, these uses give residents and workers more reasons to stay in the neighborhood after the workday ends.



Originally built for the Shriners in 1912, Medinah Temple has more recently been serving as the temporary home of Chicago's first casino.

Case Study: Chicago's River North

Chicago has long embraced experiential retail. This includes destinations like Starbucks Reserve Roastery, a 35,000-square-foot cathedral of coffee that is the largest Starbucks location in the world, and the Harry Potter Shop Chicago, home to the largest Butterbeer Bar in the United States. Recently announced concepts include The Cube, a 25,000-square-foot attraction based on the

TV game show; the world's largest Hello Kitty Cafe; and the Candy Hall of Fame Experience, a 60,000-square-foot concept spanning three floors and backed by a 20-year lease.

The River North neighborhood has emerged as a hub for experiential retail concepts. Chicago's first restaurant destination district also boasts a dense residential population, a large workforce, vibrant nightlife, boutique hotels, strong transit access and proximity to both the Chicago River and Lake Michigan. Combined with adjacency to the Magnificent Mile, these attributes make River North a true seven-day-a-week, around-the-clock destination.

The opening and announcement of several large-scale experiential concepts in River North

Experiential retail can take many forms, including immersive entertainment venues, interactive dining concepts and engaging cultural attractions.

reflect growing confidence in the neighborhood. Collectively representing tens of millions of dollars in private investment, these projects highlight the district's appeal as one of Chicago's most vibrant commercial and entertainment destinations.

Theater of the Mind, co-created by musician **David Byrne** and investor **Mala Gaonkar** and presented by Goodman Theatre, occupies a 15,000-square-foot installation in the historic Reid Murdoch Building overlooking the Chicago River. Blending neuroscience with storytelling, Theater of the Mind takes audiences on an immersive experience of self-exploration and discovery, shaped by the creators' life experiences as well as research into how the brain perceives the surrounding environment. The temporary installation saw strong ticket sales, with 20,000 tickets sold in the first two months of operation, leading to an extended run of performances.

The installation is part of a collective \$15 million investment in and around the landmark Reid Murdoch office building, which functions as a prominent arrival point for people entering River North from the Loop. These improvements include replacement of the property's riverwalk as well as new and refurbished dining concepts that, together, demonstrate the value of combining experiential, office and restaurant-driven uses to foster a dynamic neighborhood.

New and Noteworthy

1.8 million sq. ft.

Empire Group of Companies, through its **Aspirant Development** division, rebranded its upcoming **downtown Phoenix high-rise project** to **Arro**. The mixed-use development will span approximately 1.8 million square feet, anchored by a 541-foot north tower (set to become Arizona's tallest building) and a 425-foot south tower. **Pretty Decent**

Concepts is developing a 16,000-square-foot restaurant/night-life experience for the north tower's top two floors. The north tower will also house a 380-unit residential tower and a 250-key hotel. The south tower will include 150,000 square feet of Class A office space, 30,000 square feet of retail and restaurant space, and a 275-unit luxury co-living component.



2,874 units

Miramar Cove, the first inland waterfront destination in South Florida, recently broke ground in **Miramar**. Owned by **Sunbeam** and developed by **Stiles**, the **125-acre mixed-use community** will deliver 2,874 contemporary-style

homes, 400,000 square feet of retail space, 125,000 square feet of Class A office space and a 185-key hotel at full build-out. Nearly one-third of the 125-acre site is dedicated to water, including fountain shows and a cove filled with translucent blue water surrounded by walkways, restaurants and gathering spaces. The project is designed around the principles of a 15-minute community, with 5 miles of walking paths connecting the entire site.



1.3 million sq. ft.

Construction is complete on a **warehouse and office complex** in **Innisfil, Ontario, Canada**, for global logistics provider **DSV**. The design-build project by **Broccolini** includes a 1.3 million-square-foot multiclient distribution and logistics warehouse facility, and a two-level, 40,000-square-foot high-end corporate office building.

Ware Malcomb's Vaughan office provided architectural and interior design services. The warehouse building is positioned for LEED certification and features 160,000 square feet of rooftop solar panels, full LED lighting and EV charging for both trucks and cars. The facility offers 155 dock-high doors and four drive-in doors, along with a secure storage yard with parking for 150 trailers.



Ryan Fung



The popularity of the immersive Theater of the Mind experience resulted in an extended run of performances at the legacy Reid Murdoch Building overlooking the Chicago River.

Another concept, F1 Arcade, scheduled to open in mid-August in a former restaurant space, illustrates the rise of hospitality-led competitive socializing. The concept combines Formula 1 racing simulators with food, cocktails, group events and watch parties. The branded social venue is designed to convert fandom, competition and hospitality into a repeatable real estate format. In River North, it also backfills a highly visible vacant corner and adds another evening-oriented draw to an already-active district.

A \$50 million renovation has reimagined the historic McCormick Mansion into The

Hand & The Eye, a five-story destination that blends magic performances with dining. The 36,000-square-foot venue features 37 performance rooms, hidden spaces, secret passages and intimate stages designed to ensure every visit unfolds differently.

Legacy buildings with difficult layouts or specialized histories may be liabilities for ordinary tenants, but they can become assets for experience-driven users. This is true of both the former McCormick Mansion and the nearby Medinah Temple, originally built as a meeting place and auditorium for the Shriners in 1912.

Friedman Properties owns and operates more than 50 mixed-use properties encompassing over 5 million square feet in Chicago. It brought Bally's Chicago — the city's first casino — to the Moorish Revival Medinah Temple building in 2023 following the departure of the nation's original Bloomingdale's Home Store. With the

temporary casino scheduled to depart in 2027, when the permanent facility opens in River West, plans are underway to reposition the landmark building for a new occupant, with a focus on attracting a global brand seeking a highly visible U.S. flagship. The vision is to create a destination that extends beyond traditional retail and resonates with both local and international customers.

Experiential Retail as Growth Driver

The current role of experiential retail is most relevant for property owners confronting vacancies in spaces that do not

New and Noteworthy

Legacy buildings with difficult layouts or specialized histories may be liabilities for ordinary tenants, but they can become assets for experience-driven users.

fit the old leasing playbook. Historic buildings, big-box storefronts, former theaters and other unconventional spaces can be difficult to lease to conventional tenants. Experiential users, however, often need the high ceilings, dramatic entrances, architectural authenticity, back-of-house capacity and other features essential to crafting a differentiated and memorable customer experience.

At the neighborhood level, experiential concepts solve several problems at once. They reduce vacancy, generate foot traffic, support adjacent businesses, diversify commercial corridors and provide new reasons for locals to keep coming back. This is most apparent at scale; a single experiential venue is a curiosity, but a cluster helps to create a destination.

River North's reputation alone attracts the next wave of operators, generating a self-reinforcing cycle that benefits every business in the neighborhood. This strategy can be deployed in other markets if the right starting conditions are in place. Strong experiential districts need mixed-use density, flexible buildings, transit access, supportive food and beverage offerings, and a clear identity. They also need owners willing to experiment with experience and capable of identifying concepts that will create value for both the asset and the neighborhood.

Cities have spent decades searching for what makes people want to show up, revisit and convince others to do the same. Experiential tenants can be a valuable strategy for mixed-use districts looking to reinvent themselves as they navigate today's shifting retail landscape. ■

Warren Strovel is executive vice president of operations at Friedman Properties.

1,600 units

WRS Inc. broke ground on the first phase of the \$1.2 billion **Lakeforest Mall redevelopment** in **Gaithersburg, Maryland**. The multiphase **mixed-use project** will transform 1.1 million square feet of aging retail and vast parking lots on the former 102-acre mall site into a walkable "mini-city." The development will encompass 1,600 residential units across approximately 850 rental units (including 250 workforce housing units) and 750 for-sale units (including stacked duplexes, townhomes and condominiums). Other additions will include over 470,000 square feet of new retail and commercial space, a relocated and upgraded transit center, and more than 35 acres of green space.



1,048,711 sq. ft.

Rockefeller Group and **Matan Companies** announced the beginning of construction on **Building 3 at Port 460** in **Suffolk, Virginia**. The 1,048,711-square-foot **Class A distribution center** will be the largest building at the 5.1 million-square-foot industrial park and will be completed in the first quarter of 2027. Buildings 1 and 2 — 339,150 square feet and 246,490 square feet — are completed and ready for lease or sale. The master-planned logistics park will deliver 2.4 million square feet of industrial space across five buildings in phase one. A second phase totaling 2.7 million square feet will follow.



802,604 sq. ft.

Formation Interests started construction on **FORM375 at Paso Del Norte**, an 802,604-square-foot, four-building **industrial and manufacturing facility** situated directly adjacent to the **Zaragoza Port of Entry** in **El Paso, Texas**. The location offers immediate access to one of North America's most vital manufacturing and trade corridors in a region serving as a gateway for nearshoring operations. A 513,074-square-foot flagship cross-dock facility will anchor the development. The campus features future-ready infrastructure, including high-capacity electrical systems tailored to support the power needs of chip manufacturing and AI assembly. The design incorporates Spanish-influenced architectural detailing and a central landscaped amenity park for tenants.



Waterfronts That Work: Unlocking Potential Through Collaborative Investment

Public-private partnerships are key to developing lively modern waterfronts that offer more than scenic views.

By Ben Donsky and Howard Kozloff, Agora Partners



Eastern Wharf in Savannah blends residential, commercial and hospitality uses with an urban plaza and waterfront park.

Strategically aligned public-private partnerships are transforming the way cities approach waterfront development, turning public realm projects into financially self-sustaining assets. Take Chicago's Riverwalk. Created with 90% public funding, the city leveraged partnerships with local vendors and operators

to generate over \$16 million in revenue between 2013 and 2018 — surpassing loan repayment goals by nearly 30%.

For commercial real estate, this example demonstrates a key principle: When public investment is paired with carefully designed private participation, dormant waterfronts can be turned into vibrant,

revenue-generating destinations that also improve access and placemaking value. Cities across North America are exploring similar approaches, using collaborative alliances to align public goals with private incentives, diversify funding streams, and create dynamic spaces that attract foot traffic and continued investment. This approach offers valuable lessons for anyone seeking to maximize both the economic and social potential of waterfront developments.

Activated waterfronts catalyze further development, encouraging private investment in adjacent parcels, spurring tourism and elevating property values.

The Economic Power of Waterfront Development

Waterfronts are among the strongest drivers of urban revitalization. By integrating the natural appeal of water and open views with programming, mixed-use development and recreational amenities, waterfront districts provide both tangible economic returns and intangible social benefits.

Once seen primarily as an industrial amenity, and later as an aesthetic enhancement for revitalizing postindustrial cities, waterfronts are now recognized as strategic economic assets capable of generating revenue, attracting investment, and creating long-term value for both community and commercial stakeholders. The most successful waterfront projects become central drivers of urban vitality, in part by integrating placemaking, activation and diverse revenue streams from the outset.

Activated waterfronts catalyze further development, encouraging private investment in adjacent parcels, spurring tourism and elevating property values. Cities can leverage these spaces to align public goals with private incentives, creating mutually reinforcing benefits.

Aligning Interests for Lasting Impact

Activated public spaces increase returns on investment in multifamily, office and retail properties. While the impact on retail sales is often the most immediate and visible — with improvements to the public realm driving foot traffic increases of up to 40% — research consistently shows that proximity to parks and public spaces also drives measurable gains elsewhere, including rental premiums of up to 20% for residential assets and 7% for offices with high-quality green amenities.

Developers of commercial and multifamily properties understand that vibrant neighborhoods increase the rents they can achieve and that great public spaces become amenities that attract and retain residents, workers and businesses. Local governments want this too, but they also place importance on making new or revitalized spaces and the associated programming accessible to

New and Noteworthy

363 units

The Point Partners (TPP), a private development team led by **Lincoln Property Company**, **Colmena Group** and **Wadsworth Development Group**, broke ground on the first vertical development at **The Point**, marking the start of visible progress on a 104-acre downtown district in **Draper, Utah**. Being delivered through a public-private partnership between TPP and the **Point of the Mountain State Land Authority**, phase one is backed by a \$165 million infrastructure investment from the Utah Legislature and a \$2.3 billion private funding commitment from TPP. Immediate plans include a 363-unit multifamily residential complex, a 5,000-seat event center and The Promenade, a street designed for dining, shopping and gathering.



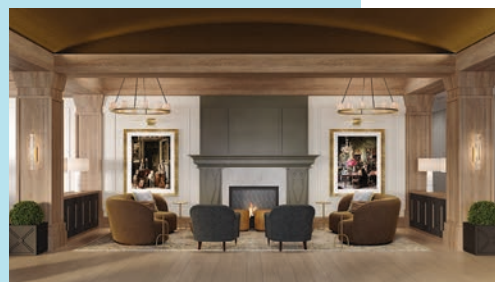
275 units

Highwoods Properties and **Kane Realty** are collaborating to redevelop an obsolete office site at 7001 Weston Parkway in **Cary, North Carolina**, into a **five-story multifamily building** in nearly the exact footprint of the existing office building. The plan preserves the remainder of the property, with the existing surface parking and mature tree canopy functioning as a buffer between the new building and surrounding neighborhoods. The project will include up to 275 apartment homes, with 5% of units maintained as affordable housing for a minimum of 30 years. The development will also offer up to 5,000 square feet of ground floor retail.



121 keys

Brandywine Realty Trust opened **The Brandywine**, a **Marriott Bonvoy Tribute Portfolio hotel** on Philadelphia's Main Line in **Radnor, Pennsylvania**. Located on a 20-acre campus and minutes from regional rail stations, the luxury boutique hotel caters to leisure and business travelers with 121 guest rooms and suites, flexible meeting and event spaces, two on-site dining destinations, and a full suite of modern amenities. Brandywine Realty Trust developed and owns the hotel, which serves as an amenity for the company's office tenant base as well as healthcare campuses and nearby universities. **Aimbridge Hospitality** operates the property, with **DLR Group** serving as executive architect.





The Park at Eastern Wharf hosts a riverfront concert series and a variety of other events, helping to drive foot traffic to commercial tenants.

People expect more than scenic views from modern waterfronts. They are looking for active programming, dining, seating, shade and connectivity to surrounding neighborhoods. Retrofitting these spaces to meet today's expectations can significantly enhance both economic and social returns.

everyone. This creates opportunities for property owners to activate public space in exchange for guarantees of public access to regular and special events. Many private property owners are willing to invest in public programming and events on public property adjacent to their buildings.

In practice, this alignment is often formalized through public-private partnerships that clearly define roles, responsibilities and long-term stewardship of shared spaces. Cities can streamline approvals, contribute funding or offer operational support, while property owners invest in activation that enhances the appeal of these spaces. When roles, funding responsibilities and performance expectations are established up front, public spaces are better positioned for

sustained success and impact.

It is important to keep in mind that with the public sector as a client, certain procurement, permitting, labor and other rules must be followed.

Reimagining Older Waterfronts for Today's Urban Experience

Although long prized as urban assets, many waterfronts require updating to become true everyday destinations. In Chattanooga, Tennessee, for example, real estate consulting, investment and development firm Agora Partners is working with the city's economic development authority. With more private development and investment in and around Chattanooga's downtown, the city's waterfront parks need to be repositioned to better serve new residents, workers and

tourists. While the parks must still accommodate the special events they were initially built to support, they also need to function as daily, integral parts of the downtown ecosystem.

This mirrors trends in other cities that developed waterfront and urban parks 25 years ago. Many are now shifting from spaces designed primarily for large-scale events to destinations focused on smaller, more frequent programming, amenities, and food and beverage offerings. These updates help extend visitor stays and make downtown a more attractive place to live and work.

People expect more than scenic views from modern waterfronts. They are looking for active programming, dining, seating, shade and connectivity to surrounding neighborhoods. Retrofitting these spaces to meet today's expectations can significantly enhance both economic and social returns.

Activating Eastern Wharf

Eastern Wharf in Savannah, Georgia, offers an example of how these principles can be applied to new waterfront development. A carefully planned mix of public-private governance, market-driven

New and Noteworthy

112 units

The Missner Group and development partner **Base 3** started construction on **Oxford Lofts**, an industrial-to-residential project in **Chicago's West Loop**. The redevelopment will convert the former Oxford Clothes industrial building into a 112-unit multifamily community, with 20% of the units designated as affordable housing. The approximately \$42 million project will reposition the property while preserving the character of the existing structure. Plans call for a full gut renovation, all new building systems, upgraded sustainability features and contemporary unit layouts. The development will include a rooftop deck, a fitness center and coworking space. Leasing is expected to begin in the spring.



Courtesy of Base 3

programming and activation strategies has transformed the riverfront — once used as shipping infrastructure related to cotton and timber exports — into a multiuse destination.

Eastern Wharf blends residential, commercial and hospitality uses with a signature urban plaza and waterfront park, offering the largest public green space on the Savannah River. The project encompasses hundreds of apartments and townhomes, hotels, office buildings, and more than 30,000 square feet of retail space, all designed around a central public realm that serves as both a community gathering place and an economic driver. The first phases of development included the 200-key Thompson Savannah luxury boutique hotel, 300-plus apartments atop ground floor retail (Riverworks), townhomes and public spaces. Eastern Wharf currently includes 80,000 square feet of Class A office space, with additional phases planned to include more space.

Agora Partners worked alongside Regent Partners and Mariner Group to develop and implement programming and activation plans to bring the waterfront to life. The Park at Eastern Wharf hosts a riverfront concert series that focuses on regional independent music; biweekly farmers markets; cultural festivals with community-based partnerships; and food-centered events like the Eastern Wharf Food Truck Festival, each drawing thousands of people from across the region. Recognizing that parks and open spaces are most effective when they are consistently lively, the Eastern Wharf team created pop-up activations for future development parcels to maintain momentum, test new programming concepts and host larger-scale events, ensuring the area feels vibrant even before all buildings are complete. Programming and activation are managed through the Eastern Wharf Commercial District Association, with robust marketing, press and promotional support across social media channels topping 30,000 followers.

A key component of the project was the establishment of a public-private partnership with the city of Savannah, which Agora helped structure to govern and manage the new waterfront park. This

55,384 sq. ft.

Driver Special Projects Group, an affiliate of **C.W. Driver Companies**, opened **Rove Costa Mesa**, a 14-megawatt public EV charging station in **Costa Mesa, California**. The 55,384-square-foot location incorporates a hospitality model that addresses an evolving need for innovative charging stations. The firm completed new construction on the charging station, which offers 40 direct current fast chargers to serve all types of battery EVs, and retrofitted an existing 5,384-square-foot building into an active retail experience featuring a ReCharge by Gelson's mini-market, a lounge and free Wi-Fi. This is Driver SPG's second project completed for Rove.



Rove Charging

18,000 sq. ft.

Construction is progressing on **Stix Asia**, an **Asian food hall** slated to open this fall at **UnCommons**, a walkable 40-acre campus in southwest **Las Vegas**. The celebrated food hall, which debuted in Waikiki, Hawaii, in 2023, will span 18,000 square feet and feature a mix of international imports alongside local favorites, including concepts opening in Las Vegas for the first time. Each restaurant will operate as an individual entity, with many dishes being prepared in full view at live cooking stations. The hall will seat approximately 400 guests, indoors and outdoors. **Matter Real Estate Group** is the developer of the UnCommons campus. ■



Courtesy of Stix Asia

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@credaglobal.org to receive consideration.



Eastern Wharf offers the largest public green space on the Savannah River.

framework clarified responsibilities, aligned public and private goals, and created a sustainable model for long-term maintenance and activation. Shared responsibilities for maintenance between private and public sectors allowed for both greater efficiency and better outcomes. Phase I involved approximately \$200 million in private investment and \$54 million in public investment, including \$33 million in bonds for a public parking garage and \$21 million for an extension of the Savannah Riverwalk, construction of parks and open spaces, and stabilization of the river bulkhead.

Agora also coordinated with the retail and hospitality teams within Eastern Wharf to integrate programming and activation with tenant offerings, events and dining experiences. This market-driven approach drives foot traffic to commercial tenants while enhancing the overall experience of the water-

front, making it a destination for daily activity as well as special events.

Waterfronts as Engines of Growth

Thoughtful waterfront development can be a powerful driver of economic growth, enhancing a city's cultural and recreational appeal and attracting residents, businesses and visitors. When designed with intentional programming, accessible public spaces and complementary private investment, waterfronts become magnets for activity and catalysts for broader urban revitalization. As cities evaluate how their waterfronts can better serve the community and visitors, public-private partnerships offer the most effective path to long-term success. ■

Ben Donsky is principal at Agora Partners. **Howard Kozloff** is principal and founder of Agora Partners.

What Is Entrepreneurial Planning?

Public parks frequently face the challenge of balancing community access with the need to fund maintenance and operations. Entrepreneurial planning offers a solution by focusing on revenue generation through thoughtfully designed programming, events and amenities that encourage people to visit and linger. Rather than charging users directly for these services, parks can use the offerings to create indirect revenue opportunities through food and beverage sales and corporate or philanthropic sponsorships while keeping activities broadly accessible.

Steps to implement entrepreneurial planning

1. Define goals.

Clarify what “value” means for the park beyond revenue, such as strengthening arts programming, promoting public health, providing after-school options for teens or supporting local business development.

2. Conduct a comprehensive market analysis.

Use demographics, visitor patterns, and competing park and entertainment venues to understand who the park serves and which programs or amenities are most likely to succeed.

3. Evaluate physical assets.

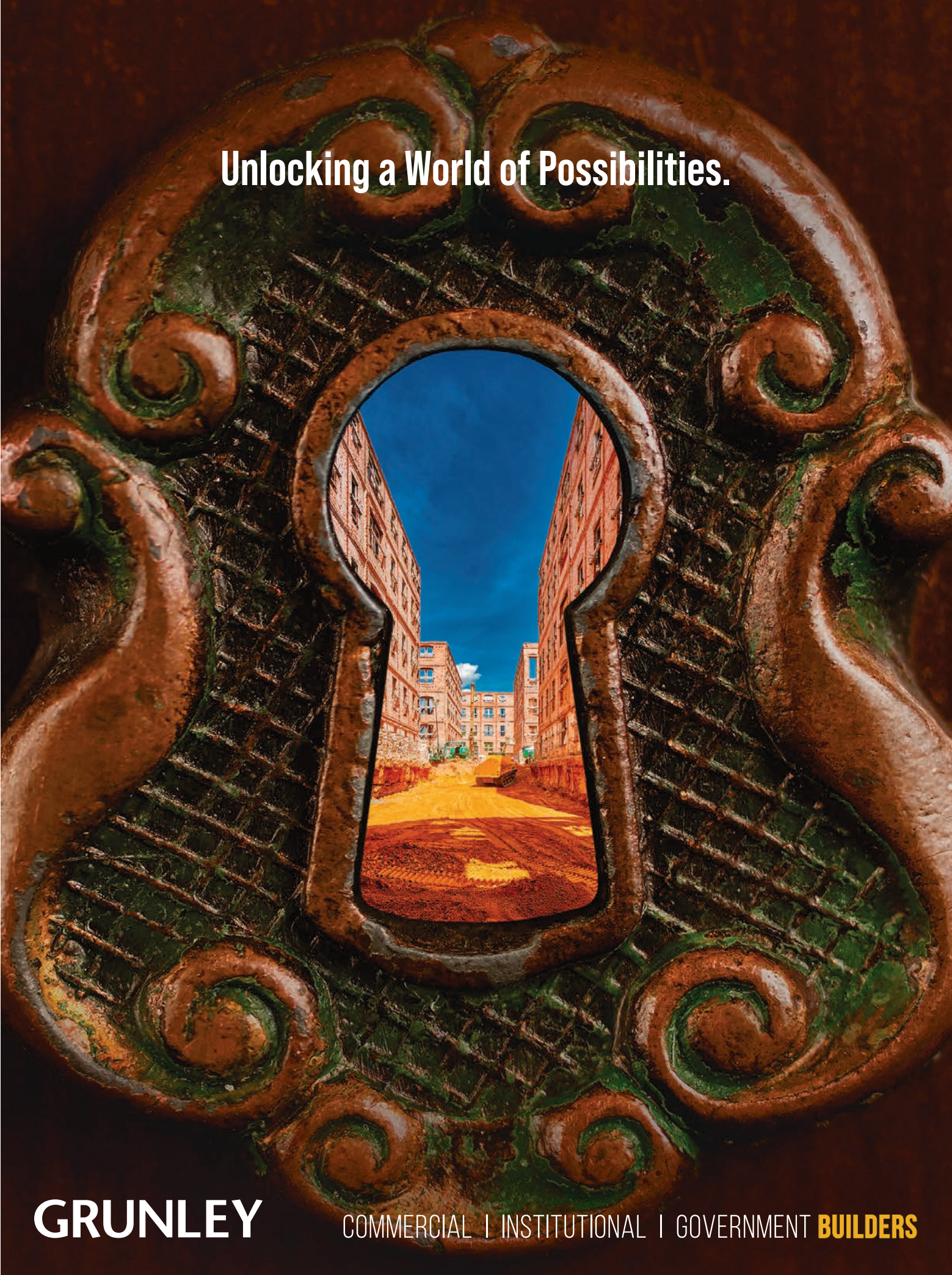
Evaluate existing facilities and infrastructure for revenue-generating potential to ensure initiatives are feasible, efficient and sustainable.

4. Develop programming strategy.

Offer free or low-cost activities that attract visitors and encourage them to stay. High participation supports indirect revenue streams, such as food and beverage sales, and creates a track record for sponsors.

5. Leverage partnerships.

Demonstrate community impact through attendance and participation to attract corporate and philanthropic sponsorships that can scale over time.



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The Rebirth of a Gateway to Downtown Nashville

A new park is successfully turning complex urban edges into a connected civic destination.

By Jennie Lynn Rudder, PLA, and Adam Nicholson, AIA, Gresham Smith

Late last year, Southwest Value Partners cut the ribbon on a new outdoor civic space that filled a longtime need in Nashville: a downtown park welcoming both locals and tourists. Named Ascension Saint Thomas Landing in honor of Ascension health systems — a founding partner of Nashville Yards and a committed advocate of the health-focused district — the park represents the latest milestone in Southwest Value Partners' decade-long investment in revitalizing the western gateway to downtown Nashville.

Strategically developed in what had become a decaying district containing Nashville's historic rail yards, the new Nashville Yards mixed-use development is returning vitality to this once-bustling edge of the city center. As a public-focused foreground for Nashville Yards, Ascension Saint Thomas Landing stands as a distinctive destination itself by unlocking the land below and on both sides of the Broadway Viaduct Bridge.

A Renewed Hub for Community

Nashville Yards is rooted in the city's industrial history. Originally a hub for commerce and transportation as a vital terminal on the Louisville and Nashville (L&N) Railroad, the larger site had been home to Lifeway Christian Resources' headquarters for decades and the Union Station Hotel, a National Historic Landmark.

Today, Nashville Yards encompasses more than 3

million square feet of Class A-plus and creative office space, anchored by two Amazon towers, the Pinnacle Financial Partners headquarters and Creative Artists Agency. It also includes the Grand Hyatt Hotel, the revitalized Union Station Hotel and The Pinnacle, a music and event venue with a 4,500-person capacity. In addition, Nashville Yards contains two luxury residential towers: The Emory, a 35-story condominium, and The Everett, a 34-story apartment building. Together, they offer nearly 700 units complemented by amenities including the Goddard School. All these offerings are connected by a multilevel thread of green space and open space that invites exploration and contributes to a sense of community.

An Evolving Vision

After acquiring the site in 2015, Southwest Value Partners, a privately held real estate investment company, and its consultant partners, led by Gresham Smith, spent two years developing a master plan for the 19-acre urban district. The plan focused on walkability and urban placemaking to create a live-work-play environment.

From the start, the team had a strong vision for a top-tier green space to serve as a differentiating feature of the development. A key challenge — and opportunity — for the master plan was how to address the western edge of the district, defined by an active railroad "gulch" dividing downtown Nashville from midtown. The solution became known as The Landing.

As the individual buildings in Nashville Yards took shape, the vision for Ascension Saint Thomas Landing came alive as an active urban public space designed to engage visitors seven days a week. On a typical day, the 1.3-acre linear park attracts tourists from the entertainment district and live music scene on Broadway, provides a retreat for residents and neighbors, and invites midday strolls by office workers. The space balances a lush ecology with a diverse blend of no-cost amenities, including casual recreation areas, a dog park and public restrooms, as well as pickleball courts and mini golf available to the public for a nominal fee and a fully equipped bar and venue space for rent.

A key challenge — and opportunity — for the master plan was how to address the western edge of the district, defined by an active railroad "gulch" dividing downtown Nashville from midtown.

Reflecting the site's rail yard heritage, shipping containers have been repurposed to house food and beverage venues, plus a hydroponic garden that produces 800 heads of lettuce every two weeks, used by the hotel restaurants year-round. Historic stone walls and original site elements were preserved to create the Alligator Bar, an immersive experience that pays homage to one of the site's early 1900s attractions: live alligators.

Site Challenges

The seamless experience today belies complicated site conditions. The Landing is long and narrow, edging an active rail corridor. The Broadway Viaduct, which now forms key connections to the space, is owned by the Tennessee Department of Transportation and sits high above the site to the south. The largely abandoned site contained a billboard, service access points



The linear park's design integrates multiple hotel, residential and office towers with a layered walkable environment and open green space.

for hotels, and other abutting buildings with widely varied finished floor elevations.

Ordinarily, the site's complex footprint would have relegated the park space to an overlooked, unused back entrance. Instead, Southwest Value Partners asked the design team to deliver a welcoming front door and engaging new public space for the city.

To address these challenges, the combined ownership and design team identified all relevant existing and proposed needs, including fire department access, back-of-house service routes, egress, and utility routing. They also considered the complexities of fronting an active rail line and being positioned below, and physically unconnected to, the nearby state highway, Broadway. With these factors in mind, the team defined which elements would remain, which could be changed and what new features could be added.

A framework was created that allowed seamless physical access through a restitched street grid while accommodating loading, maintenance, utility, easement and emergency access needs. Lines of sight and safety were fundamental to the design, ensuring clear views to and through the space while maintaining a sense of enclosure. It was especially important to ensure that blue light phones — connected to the campuswide security network of more than 500 cameras monitored 24/7 by Nashville Yards security — were always clearly visible and that pathways were easily seen before entering. The plan featured areas of expansion and contraction, yet the ground plane was kept relatively open to enhance the feeling of safety.

Today, Ascension Saint Thomas Landing gracefully navigates dozens of feet of grade change through ramps, stairs and a clearly defined urban fabric that connects seamlessly to its surroundings. Portions of Nashville Yards are elevated on a podium similar to Broadway's elevation, making the connection between levels critical to its success, while vehicular access for service and loading runs through the existing Grand Hyatt. What would traditionally have been a long, unused buffer or service yard has been transformed into a defining feature that encourages repeat visits to Nashville Yards.

Nashville's New Benchmark for Live-Work-Play Wellness

Ascension Saint Thomas Landing's design fosters mental and physical wellness by providing access to fresh air, natural light, inviting outdoor spaces and opportunities for community interaction.

Central to this vision is a planting design featuring a biodiverse mix of native and adaptive species, including more than 100 native trees. The Landing site, exposed along a long southwestern edge of buildings, mirrors conditions found in a natural limestone glade ecosystem. As this canopy matures, it will offer a gentle, natural contrast to Nashville's urban landscape, inviting indigenous plants into the heart of the city.

Southwest Value Partners' senior leadership joined the landscape architects to hand-select trees in the field, working

A Look Ahead

Ordinarily, the site's complex footprint would have relegated the park space to an overlooked, unused back entrance. Instead, Southwest Value Partners asked the design team to deliver a welcoming front door and engaging new public space for the city.



Paying homage to Nashville Yard's rail yard past, shipping containers have been transformed into food and beverage retail spaces.



The amphitheater's tiered seating was designed to foster community connection by offering open views, making it a prime gathering spot for concerts and events.

together to establish a palette and locate living features for maximum impact. Environmental benefits, such as the site's ability to absorb stormwater and plantings that minimize the urban heat island effect, reduce strain on the city's infrastructure.

Reflecting Southwest Value Partners' commitment to creating healthy and resilient communities, the site's sustainability efforts extend beyond landscape. They encompass measures to reduce the carbon footprint, introduce responsible water management, incorporate sustainable building materials and follow green practices.

Where Green Space Meets Opportunity

Research shows that active urban spaces adjacent to offices and residences don't just add aesthetic appeal; they boost market value. Offices in vibrant mixed-use districts command rent premiums of roughly 32% over comparable properties in less active areas, according to JLL's Lifestyle Office Markets 2025 report.

For Nashville, a city that lacked accessible, daily activated green spaces, Ascension Saint Thomas Landing represents a vital piece of its growing and urbanizing fabric, serving as a catalyst for economic and cultural identity. It thrives as a privately owned, publicly accessible hub offering revenue-generating opportunities such as event spaces, short-term retail pop-ups within shipping containers, festivals, and even a pickleball court designed for tournaments that recently hosting a celebrity pickleball event during CMA Fest. Together, the space blends hospitality, retail and the outdoors.

Still in its first year of activation, Ascension Saint Thomas Landing exemplifies how thoughtful integration of green infrastructure, historic pres-

ervation and dynamic public programming can create a sustainable and engaging environment that resonates with residents, office workers and visitors alike. ■

Jennie Lynn Rudder, PLA, is a project executive and Georgia state leader for Gresham Smith's Land Planning market.

Adam Nicholson, AIA, is the market design leader for Gresham Smith's Life & Work Places market.



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Why Industrial Users Are Seeking Alternatives to Coastal Gateways

Inland logistics hubs are becoming a key part of resilient distribution networks.

By Cliff Booth, Westmount Realty Capital

For decades, coastal gateway markets such as Los Angeles, Long Beach and Oakland served as the backbone of U.S. logistics and global trade. These locations provided unmatched access to ports, population centers and transportation infrastructure. For most industrial users, there was simply no better option.

That calculus is changing.

Rising costs, supply constraints, chronic congestion and growing regulatory complexity are prompting a meaningful shift in how companies think about their distribution networks. What was once a straightforward decision to locate near a major port has become a more nuanced exercise in balancing cost, speed, resilience and operational flexibility. The result is a structural realignment reshaping the industrial real estate landscape across the United States.

The Case Against Coastal Concentration

The challenges facing coastal gateway markets are not temporary. They are structural.

Labor costs in major California logistics markets have risen significantly over the past decade, driven by a combination of minimum wage increases, union agreements and intensifying competition for workers. While industrial rents have moderated from their post-pandemic highs over the past couple of years, total occupancy costs in many coastal gateway markets remain well above equivalent spaces in

The model of concentrating distribution capacity in a small number of coastal facilities is giving way to something more sophisticated.

secondary markets, continuing to place pressure on users.

Congestion adds another layer of cost that is harder to quantify but equally real across many of the nation's coastal gateway markets. Port delays, chassis shortages and drayage bottlenecks have extended lead times and introduced variability that makes it difficult for companies to meet customer expectations. The supply chain disruptions of 2020 through 2022 accelerated awareness of these vulnerabilities and permanently changed how logistics executives think about risk.

Regulatory complexity rounds out the picture across many coastal markets. Environmental regulations, zoning restrictions and lengthy entitlement processes have made new development slower, more expensive and less predictable than in many inland markets. For companies that need to move quickly, this creates real competitive disadvantages.

The Rise of Multinode Distribution Networks

The response from industrial users has not been to abandon coastal markets entirely. Ports still matter. Population density still matters. But the model of concentrating distribution capacity in a small number of coastal facilities is giving way to something more sophisticated.

Companies are building multinode networks that incorporate both coastal access and inland distribution centers. This approach allows goods to move quickly off ships and inland, reducing dwell time and congestion risk while maintaining proximity to major consumer markets. It also builds redundancy into supply chains, a priority that has moved from a theoretical best practice to an operational necessity following the disruptions of recent years.

According to JLL, net absorption in secondary industrial markets outpaced primary gateway markets for three consecutive years, from 2021 to



Jeremy Poland via E+/Getty Images Plus



The Phoenix metropolitan area has emerged as one of the most active industrial markets in the U.S. as industrial users diversify their footprints.

2023, as this shift accelerated. Markets across the Sun Belt, Mountain West and Midwest have absorbed significant new demand as a result.

What Industrial Users Are Prioritizing

Appreciating why secondary markets are gaining traction requires understanding what industrial users are prioritizing in site selection decisions today.

Cost efficiency remains the starting point. Lower occupancy costs, more competitive labor

markets and reduced drayage expenses can meaningfully improve unit economics for logistics operations. In an environment where margin pressure is persistent, these savings matter.

Transportation connectivity is equally important. Proximity to major interstate corridors, intermodal rail facilities and regional airports allows companies to maintain service levels without the cost premiums associated with gateway locations. Markets with multiple transportation options provide the flexibility that modern supply chains require.

Land availability and development flexibility matter more than they did a decade ago. The growth of e-commerce has driven demand for larger, more sophisticated facilities with higher

clear heights, advanced automation and specialized storage capabilities. Increasingly, access to reliable electrical power has become a critical consideration, particularly as warehouse automation, cold storage, advanced manufacturing and data-intensive operations require greater energy capacity. Coastal markets constrained by limited land supply often cannot accommodate these requirements at scale. Secondary markets with available land, sufficient utility infrastructure



The Lillard industrial portfolio, three Class A assets totaling more than 800,000 square feet and leased to multiple third-party logistics providers, drew Westmount Realty Capital's interest to opportunities in the Reno market.

Appreciating why secondary markets are gaining traction requires understanding what industrial users are prioritizing in site selection decisions today.

and streamlined regulatory environments can.

Business climate and workforce availability complete the picture. States with competitive tax structures and pro-business policies have attracted both companies and workers, creating self-reinforcing growth dynamics that support long-term industrial demand.

Secondary Markets Gaining Momentum

Several U.S. markets have emerged as beneficiaries of this structural shift. Each offers a distinct combination of location, cost and infrastructure advantages that appeal to different segments of industrial demand.

The Phoenix metropolitan area has become one of the most active industrial markets in the country, driven by population growth, a business-friendly regulatory environment, and strong connectivity to both California markets and Texas. According to Colliers, Greater Phoenix recorded more than 18 million square feet of net absorption in 2025, highlighting

the market's continued strength despite a broader normalization in industrial demand.

Indianapolis and Columbus, Ohio, have long been recognized as logistics crossroads, with access to a significant portion of the U.S. population within a day's drive. Their central locations, affordable land and established transportation infrastructure have made them preferred locations for large-scale distribution operations.

Savannah, Georgia, has emerged as one of the fastest-growing port markets in the U.S., offering an alternative to Gulf Coast and West Coast gateways because of its strong rail connectivity and available development land in surrounding submarkets.

The Inland Empire east of Los Angeles remains one of the largest industrial markets in the country, serving as a critical buffer between the ports of Los Angeles and Long Beach and broader distribution networks. Despite increased market availability in recent years, it continues to attract demand from

users seeking proximity to port operations without the constraints of port-adjacent locations.

Each of these markets reflects the same underlying dynamic: Industrial users are diversifying their footprints.

Reno: A Case Study in Strategic Market Entry

For private real estate investment firm Westmount Realty Capital, the decision to enter the Reno, Nevada, market in 2025 reflected both this broader strategic shift and a disciplined evaluation of market fundamentals.

Reno's appeal begins with geography. Situated within a one-day truck drive of major West Coast population centers, including Los Angeles, the San Francisco Bay area and Seattle, the market allows industrial users to maintain proximity to coastal demand without the costs and constraints of port-adjacent locations. Reno actually lies farther west than the city of Los Angeles, a geographic fact that surprises many people but underscores the market's strategic position for Western distribution.

Transportation infrastructure reinforces this advantage. The intersection of Interstate 80 and the Union Pacific rail line provides connectivity to key markets across the Western United States, giving tenants flexibility in both inbound and outbound logistics.

Nevada's business climate adds another layer of appeal. The state's tax structure and regulatory environment have attracted a wide range of com-

panies, from logistics providers to advanced manufacturing firms, and supported faster project approvals and more predictable development timelines than many coastal jurisdictions.

What drew Westmount's attention specifically was the Lillard industrial portfolio, three Class A assets totaling more than 800,000 square feet in Sparks, Nevada. The properties were leased to a roster of international and regional third-party logistics providers and offered the kind of institutional quality construction, transportation connectivity and value-add potential that aligns with Westmount's investment strategy.

The decision to move into Reno was not about chasing a trend. It was about identify-

ing a market where structural demand drivers, geographic fundamentals and asset-level characteristics converged in a way that supported long-term value creation.

The Future of Industrial Real Estate

Westmount believes the shift away from exclusive reliance on coastal gateways is not a temporary phenomenon. It reflects fundamental changes in how supply chains are designed, how e-commerce is reshaping distribution requirements, and how companies are thinking about resilience and cost efficiency.

Coastal markets will continue to play essential roles. Ports are not going anywhere. But the fu-

Reno actually lies farther west than the city of Los Angeles, a geographic fact that surprises many people but underscores the market's strategic position for Western distribution.

ture of industrial real estate is increasingly defined by multimarket networks that combine coastal access with inland efficiency. Companies that build those networks thoughtfully will gain competitive advantages. Investors and developers that understand how those networks are evolving will find opportunities that others miss. ■

Cliff Booth is the founder and chairman at Westmount Realty Capital.

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Building Talent From Within: Tenure Strategy in Construction

A general contractor developed an in-house training program to build its own pipeline instead of competing for the same shrinking talent pool.

By Bill Wilhelm, R.D. Olson Construction

The U.S. construction industry needs an estimated 349,000 workers just to keep pace with demand, according to a 2026 Associated Builders and Contractors estimate. Most construction firms treat workforce development as overhead rather than infrastructure. Those that do invest typically outsource it, licensing curriculum from the Associated General Contractors of America (AGC), National Center for Construction Education and Research (NCCER) certification tracks, or third-party training platforms.

R.D. Olson Construction took a different route. The Irvine, California-based general contractor built its own in-house university: a 61-course program designed and staffed internally. For a regional firm of its size, that is uncommon.

A 2025 study in the *International Journal of Construction Education and Research* found that of the 323 largest U.S. construction companies, fewer than a third run formal in-house training, and only 40 describe their programs as corporate universities. The companies studied were drawn from *Engineering News-Record's* Top 400, the largest contractors in the country. R.D. Olson Construction, with 106 employees, sits well below that tier.

According to Marsh McLennan Agency in 2025, the industry average retention rate was 68%. Current retention rates at R.D. Olson Construction stand at 86%, supported by its annual investment of \$500,000

in employee development. Retention is influenced by multiple factors, but R.D. Olson University (R.D.O.U.) gives employees a defined development path and direct access to senior leadership.

"Younger professionals are seeking clear career paths, development opportunities and mentorship, all of which are central to the R.D. Olson University model," said **Kevin Sonksen**, director of human resources at R.D. Olson Construction. R.D.O.U.'s curriculum paired with executive mentorship sets internal teams up for long-term success, he added.

An Aging Industry

A generational shift is reshaping the construction workforce as the talent pool shrinks. In 2025, NCCER reported that about 41% of the current construction workforce will retire by 2031, while only 10% of current workers are younger than 25.

That experience cannot be replaced quickly. NCCER estimates that it takes 11 years to train a worker to the skill level of the employee they are replacing, which means the retirement wave will outrun traditional hiring. The shortage is not only about head count but also skill.

In the 2025 AGC-NCCER Workforce Survey, 92% of firms reported trouble filling open positions, and 57% pointed to a lack of skills and qualifications among applicants, according to AGC chief economist **Ken Simonson**. Closing that gap will require companies to build structured development pro-

"Younger professionals are seeking clear career paths, development opportunities and mentorship, all of which are central to the R.D. Olson University model."

Kevin Sonksen, director of human resources, R.D. Olson Construction

grams to grow talent internally rather than relying solely on external hiring.

An In-house University

R.D.O.U. offers courses to strengthen business acumen, project management and financial literacy, plus Occupational Safety and Health Administration (OSHA) coursework. The program is designed to develop employees into long-term leaders through structured training and direct mentorship from senior executives. Enrollment is optional, with participants ranging from new hires to those advancing toward executive leadership.

Unlike traditional onboarding, which is often a one-time event, R.D.O.U. is an ongoing development program. It is built on job-specific learning and peer-led instruction, ensuring direct relevance to day-to-day work in the field.

Founded in 2018, R.D.O.U. grew out of a push to provide various avenues to strengthen growth from within. Once conceived, the program took around six months to launch; the educational material was readily available, and mentors were ready to coach.

R.D.O.U. is structured on two key pillars. The first covers technical construction training including project systems, cost management, scheduling and estimating, and the second cov-



R.D. Olson University is an ongoing, in-house development program built on job-specific learning and peer-led instruction.

In 2025, NCCER reported that about 41% of the current construction workforce will retire by 2031, while only 10% of current workers are younger than 25.

ers professional development including leadership, communication, team management and decision-making.

The training program is designed to be delivered in focused one- to two-hour sessions taught by senior staff. Mentorship is central to how R.D.O.U. operates, with vice presidents, project managers, and chief operating officers directly guiding associates throughout their professional development.

Career ladders are put in place as formal road maps for executives to outline tasks and success factors at each level. Several R.D.O.U. courses result in formal credentials, including OSHA 10 and OSHA 30, CPR/AED, DiSC behavioral assessment, and harassment-free workforce certifications.

Proof in the Tenure

Career progression at R.D. Olson is merit-based, not time-

based. Promotions depend on an individual's drive and mastery, not necessarily years of service. For example, advancing from project engineer to assistant project manager can take one to three years, all depending on the individual.

R.D.O.U.'s approach is to place employees in challenging roles to accelerate learning through experience. Mentors assign tasks to junior staff on active projects so they learn through live execution with real-time coaching, faster than classroom training alone.

The firm maintains an average employee tenure of 12 years, well above the 2025 Bureau of Labor Statistics industry norm of approximately four years. In addition, it has grown from a small operation to over 100 employees. R.D.O.U. supports retention, reinforced by competitive pay and a semiannual bonus program tied to project profitability. Sustaining that takes investment.

The Cost of Building Internal Talent

R.D.O.U. represents a nearly \$500,000 annual investment, funded entirely by the company with no outside subsidies or investors. Costs divide by system upgrades (40%), training (40%) and educational reimbursement (20%). Per employee, the investment ranges from \$5,000 to \$15,000 annually based on role, assignments and career stage. When operations and accounting

teams adopted new systems, training hours ran higher. Field teams have completed added coursework in software, construction techniques and safety protocols, applying those skills directly on the job.

In R.D.O.U.'s first year, the budget was closer to \$100,000, with most of the cost going to trainers and volunteer hours. Today that investment is justified by results: an 80% repeat business rate and nearly 30% revenue growth over the past five years.

Turnover has a cost. Replacing a midlevel project manager with an outside hire runs more than \$45,000 because new hires can take a couple of years to reach full speed. With company volume projected to grow by \$100 million in 2027, the program's roughly \$500,000 annual cost is an investment in reaching that near-term growth and operating at a larger scale long term.

From Intern to Project Manager

In 2019, **Cameron Waters** joined R.D. Olson Construction as an intern. After advancing through R.D.O.U., he is now a project manager.

Early on, he worked alongside his mentor, **John Ramirez**, COO of R.D. Olson Construction, in various supporting roles, learning in a controlled environment that prepared him for hands-on work in the field. The courses that mattered most to Waters involved day-to-day mechanics, from conceptual bidding to submittals and scheduling.

While working on the Solana at Duarte Station apartments project in Duarte, California, Waters learned how to successfully sequence a project through R.D.O.U.'s construction management course. "The challenge was sequencing the work to allow phased tenant move-ins while we were still building other parts of the complex. The tools from that course got the owner access to begin bringing in tenants early," Waters said.

Raising the Ranks

Randy Faith, senior project manager at R.D. Olson Construction, joined the company as a project engineer in 2018. Like Waters, Faith found a key mentor in Ramirez during his time in R.D.O.U. Both still work closely with Ramirez today.

For Faith, the toughest challenges were not technical. They revolved instead around leadership and team dynamics. "Through John's mentorship and the program, I learned how to maintain sharp focus on the project's needs and unify our team so everyone worked toward a common goal. These challenges weren't just occasional — they surfaced weekly and sometimes even daily. One of the most demanding aspects

of my role was making sure every team member stayed committed not only to delivering a high-quality project but also to providing a level of service that exceeded industry standards," Faith said.

Other issues were harder to solve. "One of the biggest challenges has been holding on to the knowledge and skills gained, especially when my role doesn't allow me to use them regularly," Faith said. "It's easy to absorb information during the sessions, but without frequent opportunities to apply what I've learned, it can be difficult to keep those lessons fresh and actionable."

R.D.O.U. attempts to counter that issue by tying coursework to active projects and adding follow-up courses and just-in-time training to keep skills fresh. Still, Faith's experience shows the challenge hasn't been eliminated completely.

Building the Next Generation

Drawbacks exist, but so do the results, as exemplified by Waters' and Faith's development path through R.D.O.U. The program's model uses senior staff to train junior employees directly on live projects so that technical skills and leadership skills develop together rather than in separate tracks.

For firms weighing a similar in-house, proprietary approach, the takeaway is to treat workforce development as long-term infrastructure. Over the next three years, R.D. Olson Construction expects its program to produce 15 to 20 promotions.

The purpose of R.D.O.U. is to support growth, but ultimately it is meant to plant the seeds for career development and lay the groundwork for succession planning at R.D. Olson Construction. ■

Bill Wilhelm is president of R.D. Olson Construction.



Cameron Waters



Randy Faith

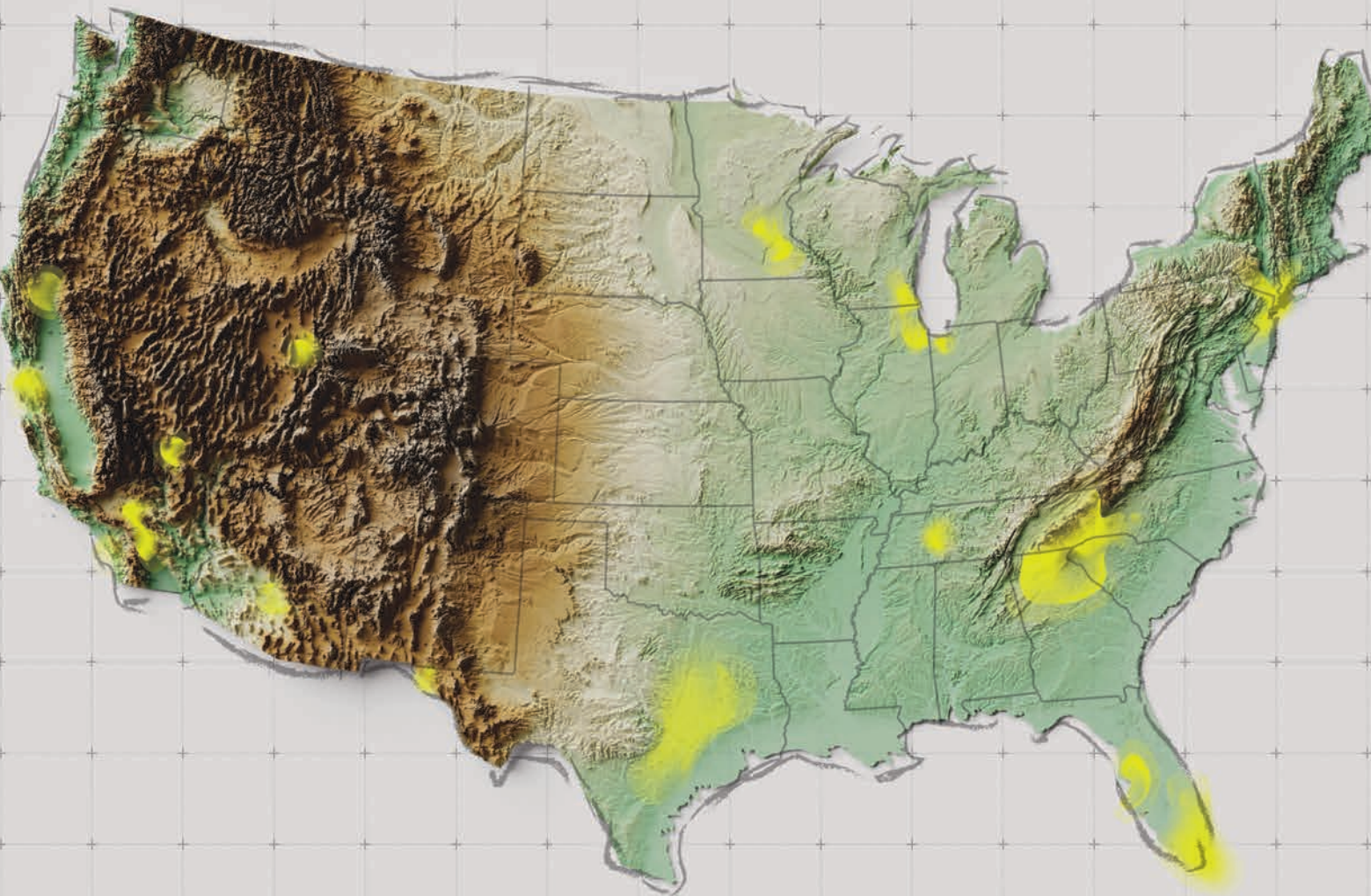
A Deeper Dive Into R.D.O.U.'s Course Catalog

R.D. Olson University consists of eight core areas of construction practice, combining technical training with leadership and compliance education. Coursework progresses from foundational to advanced, allowing employees to build skills at every stage of their career.

- **Bidding and Estimating:** From an introduction to bidding through conceptual estimating and post-award strategy.
- **Scheduling:** Creating, building and updating project schedules.
- **Submittals:** Ten specialized courses covering everything from steel shop drawings to structural concrete and elevator systems.
- **PMWeb:** In-depth training on cost reports, logs and project review, tailored by role from engineers to superintendents.
- **Bluebeam:** Document management and punch list training.
- **Construction Management:** Contractor licensing, contract writing, plan reading, sequencing and successful project closeout.
- **Safety:** The program's largest segment, including OSHA 10 and OSHA 30 certifications, fall protection, excavation, scaffolding and CPR/AED training. Many of these courses carry formal credentials.
- **Human Resources:** New hire orientation, communication styles, DiSC training, time management, and harassment-free workforce certification.

Courses are designated as either qualifications or credentials, with select certifications requiring renewal to keep teams up to date with industry standards.

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Fixing the Federal Real Estate Crunch

Underused space and rising costs are driving the push to sell federal buildings.

By Talmage Hocker, Public Buildings Reform Board

Over more than a century of land acquisition, wartime expansion, and postwar investment in infrastructure, the U.S. government's real estate portfolio has become massive.

Today, the General Services Administration (GSA) federal portfolio encompasses more than 354 million square feet of owned and leased space in 9,600 buildings spread over more than 2,200 communities across the United States. Much of this is office space, with more than 170 million gross square feet of office listed in the public dataset. Taxpayers will shoulder approximately \$5 billion in 2026 to maintain all of GSA's portfolio, which is only a slice of the entire federal real estate portfolio. The agency also spends another \$5 billion to lease space in metropolitan areas nationwide.

Therein lies the problem: \$10 billion is an extremely high price for office space that repeated studies have shown is largely underused or, in some cases, completely vacant thanks to changing federal needs.

The cost doesn't stop there. Multiple reports, including the Public Buildings Reform Board's (PBRB) recent interim report, *The Cost of Inaction: Deferred Maintenance in GSA's Portfolio*, indicate that because so much of the federal inventory is old and in disrepair, deferred maintenance and repair liabilities now exceed \$50 billion — more than double GSA's highest previous estimate.

The Need to Reduce the Federal Real Estate Footprint

The bottom line is obvious: Congress is never going to appropriate \$50 billion to address the immediate needs of these assets. For decades, GSA, the federal government's primary nonmilitary landlord, has been receiving annual maintenance and repair appropriations equaling about 0.375% of its portfolio's functional replacement value (FRV). That contrasts sharply with industry standards, which recommend an FRV rate of 2% to 4%. The result is a federal portfolio dominated by deferred maintenance backlogs that increase building life cycle costs, accelerate asset deterioration and degrade facility performance.

This mounting backlog of deferred maintenance and repair costs is crippling the ability of numerous federal agencies to deliver on their missions while also endangering the health,

safety and welfare of the federal workers who occupy these buildings. Deteriorating or abandoned federal buildings are also potentially dragging down struggling downtowns, eroding nearby property values and stifling economic recovery in numerous metropolitan areas.

To address both current liabilities and long-term stewardship, the federal government would appear to have little choice but to strategically and aggressively reduce its real estate footprint through targeted consolidation and divestiture of its underutilized properties. Due to current market conditions, the timing to do that has never been better.

Reducing the federal portfolio holds the potential to yield rare, triple bottom line benefits — saving U.S. taxpayers billions of dollars in day-to-day operations and maintenance costs; allowing federal employees to work in safer, modernized workspaces; and returning underused properties to the local tax base to be repurposed to meet pressing community needs.

The bipartisan PBRB, created to recommend disposition of federal properties when Congress passed the Federal Assets Sale and Transfer Act of 2016 (FASTA), has already submitted three rounds of recommendations for disposing of federal properties. Following through on the recommendations could save the government an estimated \$5.675 billion over 30 years.

A Window of Opportunity for Federal Property Sales

The latest of these recommendations, issued in May 2025,

identified 11 federal properties encompassing nearly 7.1 million gross square feet of office space in seven U.S. cities and Washington, D.C., for disposition. PBRB estimates that leaving these sites would result in year-one operating expense savings of more than \$52 million. The same set of recommendations listed another 50 federal properties to be consid-





The FBI is moving out of its current headquarters and relocating elsewhere in Washington, D.C. According to a statement from GSA Public Buildings Service Commissioner Michael Peters in 2025, the move will avoid more than \$300 million in deferred maintenance costs at the J. Edgar Hoover Building.

ered for future disposition.

At the same time, the Trump administration has announced plans to sell headquarters buildings in Washington for the Agriculture Department, the Energy Department, and the Department of Housing and Urban Development. In addition, the FBI is moving out of its headquarters and relocating to the Ronald Reagan Building and

International Trade Center, which already provides office space for several other agencies.

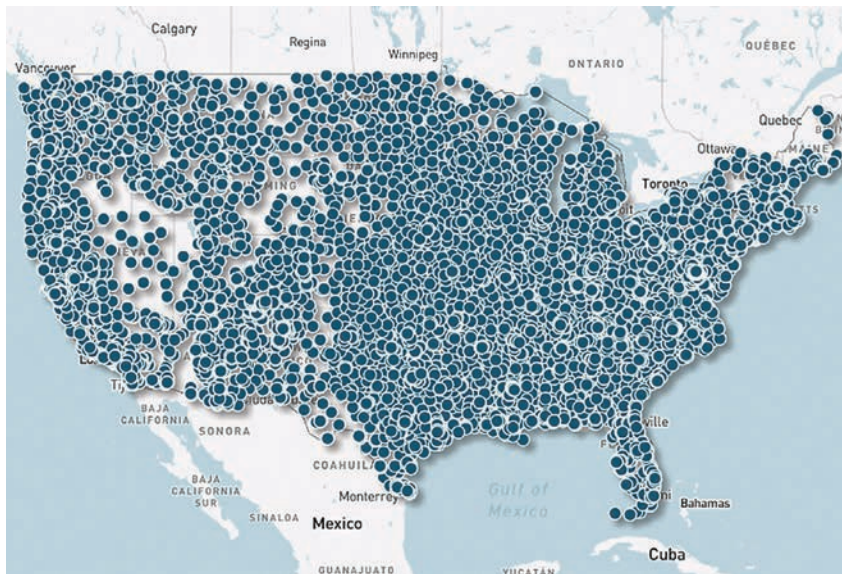
GSA's recent actions to engage private sector brokerage expertise to dispose of PBRB-recommended high-value properties have been well received by real estate investors and host jurisdictions.

Administration officials have justified selling these buildings because of long-deferred maintenance projects and because most of the buildings have not met the occupancy benchmarks signed into law in 2025 as part of the Utilizing

GSA, the federal government's primary nonmilitary landlord, has been receiving annual maintenance and repair appropriations equaling about 0.375% of its portfolio's functional replacement value. That contrasts sharply with industry standards, which recommend an FRV rate of 2% to 4%.

Space Efficiently and Improving Technologies (USE IT) Act. The legislation requires federal agencies to show that their buildings meet a utilization rate of at least 60% or, failing to do so, develop plans to relocate.

While all parties involved seem to agree that the disposition of federal properties and the consolidation of impacted agencies into existing buildings is needed, the process to dispose of a federal building is rife with time-consuming and expensive provisions. FASTA, the same law that created PBRB, provided a solution to the normal process by allowing the GSA administrator to run a negotiated and noncompetitive sale. This kind of transaction would speed up the sale and produce incentives for the market to look at some of the federal portfolio.



Map drawn from public data showing density of federally owned buildings in the continental United States. Credit: Public Buildings Reform Board

By working with private developers, local governments could transform underused buildings into spaces that directly meet the needs of the communities in which they are located, whether that is open space, a mixed-use facility or affordable housing.

How Private Redevelopment Can Revitalize Communities

The benefit of a transition from federal to private ownership cannot be understated. Municipalities benefit from the generation of tax revenues on privately owned properties, whereas federal properties pay no taxes to local municipalities.

Developers interested in adaptive reuse or acquisition of a former federal property must also be aware of potential risks, however. Federal agencies typically have transferred properties in as-is condition. This could mean that some of the buildings in question may have historic covenants or additional entitlements. As a result, appropriately underwriting the reuse and repurposing of some locations will take due diligence on the part of the buyer. GSA potentially mitigates such uncertainty by providing information about potential zoning designations, historic preservation requirements and environmental remediation.

The catch in all this is that it takes money for the federal government to move agencies from underutilized federal office buildings, modernize workspaces, and sell those unused or underused properties. Some office markets nationally are soft, meaning federal properties in those areas may be difficult to sell at a price that maximizes the property's value, development potential and economic benefit to the taxpayer. In such instances, it is essential to develop an approach

to divestments that meets both the realities of market absorption and the need for investors to know that a submarket is about to change hands to enable private sector redevelopment to make such investments worthwhile.

The power of the private market to ease this problem lies in federal access to currently depressed lease rates, access to swaps and transfers of properties with developers, and coordination with local municipalities on the timing and particulars of federal sales. In some instances, a public-private partnership to redevelop the federal property may be optimal. Still others may be in such a state of disrepair that a complete teardown to create open public space may be the best option.

If the private sector can be convinced there is a profit to be made in repurposing underused federal buildings, it could resolve the glut of expensive,

poorly maintained federal office space, simultaneously breathing new life into long-neglected facilities and the neighborhoods in which they reside.

Private sector development could also mean a huge win for financially challenged local governments. By working with private developers, local governments could transform underused buildings into spaces that directly meet the needs of the communities in which they are located, whether that is open space, a mixed-use facility or affordable housing. It also means these revitalized properties could become a new source of taxable income for municipalities nationwide. ■

Talmage Hocker is acting chair of the Public Buildings Reform Board, an independent, bipartisan agency established under the Federal Assets Sale and Transfer Act of 2016 to identify and recommend opportunities for reducing and consolidating the federal real property inventory.

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H1 2026 INDUSTRIAL INVESTMENT SALES HIGHLIGHTS

Renting Balance Sheet: How Developers Attract Lower-cost Insurance

Developers can better control long-term insurance expenses by eliminating uncertainty before underwriting begins.

By B. Daniel Seltzer, CPCU



Challenge: Name an industry where the provider knows only 20% to 35% of its ultimate cost when pricing its products or services. Insurance underwriters charge 300% or more of these costs, which is the primary reason insurance costs are perceived as being too high. It is also the basis of why significant rate differentiation exists among carriers.

Understanding how to attract the least costly insurance or risk transfer is essential to commercial real estate operations. For developers, risk mitigation is at the forefront of decision-making, while an underwriter's No. 1 mandate is to decline risk that threatens profitability, which applies pressure on the premium-to-surplus ratio, the industry's core measure of underwriting discipline.

Insurers deploy surplus — their shareholder equity — with the same discipline that developers deploy capital. Surplus determines pricing flexibility and capacity to write risk. The developers that achieve the lowest total cost of risk are those that eliminate uncertainty before underwriting begins.

Attracting Underwriter Competition

Following a disciplined approach is far more effective at attracting underwriter competition for a development project than engaging in multibroker bidding, which typically erodes leverage rather than decreasing cost. Developers can take control of a project's long-term insurance expense by reducing uncertainty and hiring a single broker who understands the firm's "pure risk" better than the developer's team does and then creates the submission to underwriters that replaces assumption with evidence.

Construction projects should be designed for insurability, not just compatibility and compliance. Projects can be engineered to attract insurers and reinsurer surplus.

A project's investment-grade broker submission should include:

Design elements that control severity, not just frequency:

Insurance underwriters focus on quantifying risk severity rather than just whether an event will occur. Design examples that control severity include smaller fire divisions, a reduced number of vertical openings, sloped floors in critical areas, and floor-by-floor water shutoff. A submission that includes catastrophic ("Cat") analytics, including credible average annual loss (AAL) or probable maximum loss (PML) estimates, can reduce rate cushions charged by underwriters.

Material choices: Limit combustibles, use ignition-resistant exteriors, and install roof systems with a track record of verifiable long-term results during real operating conditions. These choices will open up more of the carrier's capacity at a lower cost and welcome more lenders/investors. Create a more resilient and financeable asset by using noncombustible structural materials and vertical openings. Whenever possible, avoid "stick" or frame structural components. This choice alone will lower annual insurance costs by 30% to 60%. Sprinkler protection that meets NFPA 13 standards represents true suppression. NFPA 13R or NFPA 13D standards are inferior and will not attract low-cost surplus.

Secondary peril data: Rather than just saying "Roof replaced 2022," the submission should include other data: "Roof replaced 2022 with 60-mil fully

**Insurance underwriters
focus on quantifying risk
severity rather than just
whether an event will occur.**

RETROCESSION Traditional Treaty or Facultative Reinsurance	CAPITAL MARKET RISK TRANSFER Insurance Linked Securities (ILS)
LONG-TAIL PROTECTION Transfer Balance Sheet Liability Risk Against Adverse Loss Development	DIVERSIFICATION OF RISK PROFILE By Geography or Peril

**Methods used by reinsurers to cede or lay-off
their risk.** (Credit: B. Daniel Seltzer)

adhered TPO, UL 2218 Class 4, FM 1-90 uplift, units include hail guards." Don't just say "Flood Zone AE" (a designation by the Federal Emergency Management Agency indicating at least a 1% chance of annual flooding in a given year). A more effective submission might read, "Flood Zone AE. FFE = BFE + 2.3 ft., no critical MEP below grade." This is more work for the broker, but it provides a better result for the developer.

Documented loss history: Offer details related to causation and include corrective actions that portray a responsible developer that cares about their reputation and brand.

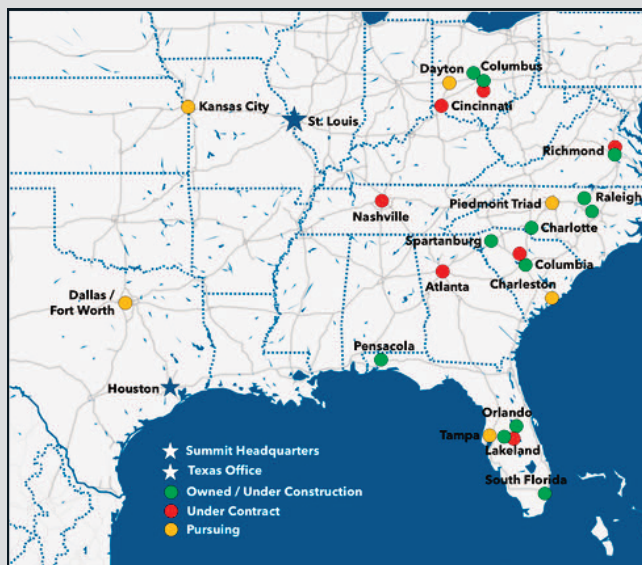
Risk governance: Name an executive accountable for risk management. Provide evidence of contractual risk transfer results, internal property-level audits, and rewarding property managers who exceed standards.

Backup for life-safety features: Examples include two sources of water, reliable municipal response, fire pumps, ESFR (early suppression, fast response), and incipient-stage smoke detection.

Phased construction risk: Many of the largest losses occur during construction. When possible, limit combustibles

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on-site, and have a disciplined approach to controlling ignition related to hot works (welding, torching, grinding and soldering steel). Likewise, have a clear plan for fire department access.

Day 1 water risk engineering: Examples include smart leak detection/monitoring, multiple shut-off or isolation valves, and the routing of water as far from critical systems as possible.

Safety nets for digital structures: Segment networks for the most essential systems, install life safety platforms with manual overrides, and provide separation between tenant technology and building systems.

Practical Takeaways for Renting Balance Sheets

Think like a reinsurer. By implementing the suggestions above, a developer's insurance premium (i.e., the cost of renting the insurance company's surplus) should shrink considerably, making the debt service coverage ratio stronger. Carriers will utilize treaty reinsurance. When a carrier's treaties do not accept a particular risk, they arrange facultative (ad hoc) reinsurance that will increase the cost by up to 100% of the premium.

Review the insurance broker's submission in advance of going to market to ensure that it replaces assumption with evidence. Shine a light on the risk story. Provide confirmation of peer review, including engineering reports that directly address underwriters' concerns.

Reinsurance serves as capital protection, enabling carriers to manage volatility and preserve balance sheet strength. The figure on the preceding page shows the four methods that reinsurers deploy to cede or lay-off their risk to provide insurance to the approximately 4,000 insurers in the U.S. property and casualty market.

To summarize, the following practices are most likely to reduce insurance costs for developers:

- ✔ **Hire** one trusted broker who understands entirely how the market operates.
- ✔ **Execute** on what attracts underwriters' surplus or capacity to your account.
- ✔ **Design** your risk management program such that underwriters are nearly assured of their coverage not being utilized. ■

B. Daniel Seltzer, CPCU, is a member of the 2026 Board of Directors for the Commercial Real Estate Development Association.

Other Risks to Consider

More recently, two risks have moved from being secondary concerns to balance-sheet-level exposures: energy and artificial intelligence.

Numerous projects are being delayed or set aside because utilities cannot support society's increased power demands. Over the past decade, U.S. energy consumption has been flat, but demand has clearly shifted toward electricity and lower-carbon sources while becoming more efficient on a per capita basis. The result is more electrified buildings and higher dependency risk on power continuity. With utility costs rising equal to housing demands, there is a question of how to assure power availability to support the most explosive need — artificial intelligence.

The most material financial exposure for real estate developers is not the risk that AI might fail; it is the possibility that AI is being relied upon without sufficient human oversight. When left unchecked, AI will replicate the same error at scale, transforming what would otherwise be isolated issues into systematic problems. In real life, this could result in contract deficiencies, design and construction errors, flawed underwriting, regulatory violations and pricing inaccuracies.

It is important to note that use of AI for tenant screening, investor communications, financial decision-making or the provision of recommendations is not a legal defense for subsequent errors. Developers remain fully liable. Such missteps give rise to professional liability exposure, fair housing claims, and director and officer allegations, usually stemming from inadequate oversight or overreliance on automated outputs.

There is also risk to proprietary value. Without proper vetting, team members may inadvertently include sensitive strategies, models, tenant information and development plans in AI systems, resulting in the threat of litigation, loss of investor relations and negative brand perception.

Cybersecurity is another growing area of concern. This past April, PwC reported that 31% of Fortune 1000 C-suite executives ranked cyberattacks as the No. 1 risk presenting "serious" challenges to their organization.

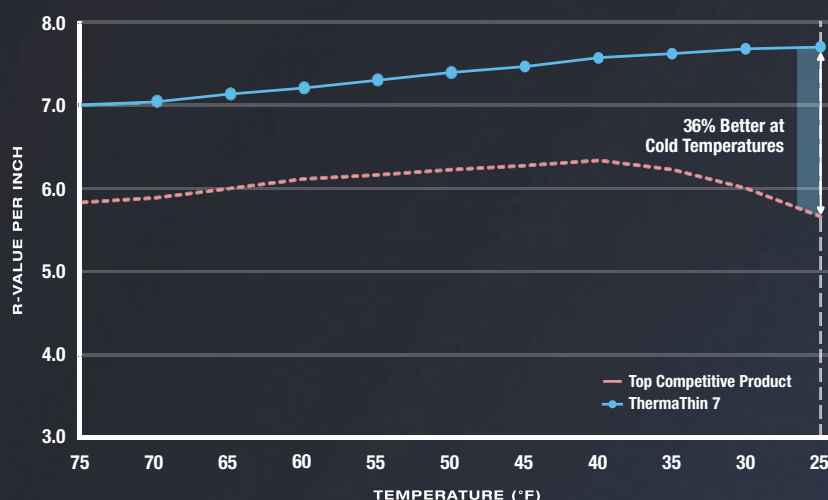
Real estate development, defined more than ever by speed, complexity and large capital flows, has become an increasingly attractive target for sophisticated threat actors. These attacks do not exploit technological weaknesses alone. They also target human behavior, deceiving employees into authorizing fraudulent payments or disclosing sensitive information. Cyber experts and insurance claims executives know that even well-designed financial controls are circumvented when trust and urgency are manipulated. The growing use of AI-enabled tools is increasing the scale and effectiveness of cybercriminals.

To mitigate this risk, real estate organizations integrate internal controls with correctly structured cyber and crime insurance. Underwriters now place strong emphasis on governance, payment protocols and continual employee training when evaluating risk and pricing the cost of their surplus. It is advisable for developers to engage in best-in-class risk preparedness before applying for any insurance.

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¹Tested in accordance with ASTM C518 and using publicly available competitor data. (2) Energy savings estimates are based on modeling of the DOE EnergyPlus Benchmark Large Refrigerated Warehouse template with an R-60 roof assembly across U.S. ASHRAE climate zones. Actual results will vary depending on climate, energy costs, building design, operating conditions, and other factors.

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On Leadership: Gregory Boler Jr.

The founder and managing partner of KMT Partners, based in Atlanta, discusses building a new regional commercial real estate development and investment firm, finding value where others see only risk, and helping to build industry mentorship and leadership programs.

By Ron Derven



Gregory Boler Jr.

“Mechanical engineering helped me develop strong problem-solving skills, and doing an engineering major and football at the same time forced me to develop strong time management skills. Both are necessary for a successful career in any industry, but especially in commercial real estate.”

Gregory Boler Jr., founder and managing partner, KMT Partners

Development: *You attended Florida A&M University with a time-consuming major in mechanical engineering. At the same time, you were a walk-on college football player at a Division 1 school, which is a high-risk, grueling effort with low odds of earning playing time or receiving a scholarship. How did those experiences help prepare you for a career in commercial real estate?*

Gregory Boler Jr.: Mechanical engineering helped me develop strong problem-solving skills, and doing an engineering major and football at the same time forced me to develop strong time management skills. Both are necessary for a successful career in any industry, but especially in commercial real estate.

Development: *How did it work out for you?*

Boler: I tried out, made the team as a line-backer, earned a scholarship and traveled with the team for four years. I started my last two seasons there. That was the only way I was going to attend Florida A&M or any out-of-state school. I was the first in my family to go to college and finish a four-year degree. When I visited Florida A&M University for the first time, I fell in love with the school. The engineering school is a 50-50 partnership with Florida State, so I was sitting next to Florida State students.

Development: *How did you become interested in the commercial real estate industry?*

Boler: JLL recruited me at Florida A&M as part of their efforts to attract more diverse talent from technical backgrounds. JLL is the big reason I am in commercial real estate today. At JLL, I learned the bricks-and-sticks side of commercial real estate and development, primarily in the student housing, retail and industrial sectors. I fell in love with industrial — it looks simple from the outside, but it is really complex.

Development: *What were your next steps in the business?*

Boler: I joined what became Transwestern Development's logistics platform as the East Coast partner's first hire. He needed someone to

execute on construction and permitting, but he also wanted a person with the aptitude to grow into a developer. That gave me the full developer process and perspective: land acquisition, legal, due diligence, sourcing equity and debt, understanding when capital is most at risk and how to mitigate that risk while maximizing value.

We expanded from Florida into Georgia, South Carolina, Virginia and Pennsylvania. Eventually, I became a partner — the youngest and first African American partner Transwestern Development had since it was founded. I then moved on to Bridge Logistics Properties, a logistics value-add and development capital deployment arm of Bridge Investment Group.

Development: *What is the foundation of KMT Partners?*

Boler: I founded KMT in September 2023. It is a minority-owned capital deployment vehicle and a third-party operator for investors and users who are focused on investment grade development and acquisition opportunities within the industrial and commercial spaces. The company focuses on speculative and build-to-suit development, value-add or core acquisition projects, as well as third-party asset and development management opportunities.

Development: *What opportunities is the company pursuing?*

Boler: There's opportunity in tough sites where there is

heavy entitlement risk, especially with infill locations on the East Coast. A developer can create value by having the expertise to solve entitlement challenges. However, diversification is essential, as no developer can sustain long-term success solely through development activities. KMT is not limited to industrial development. I have my first nonindustrial development in the pipeline, and I have closed on my first asset management service with a partner. Becoming more vertically integrated and diversifying revenue are important to withstanding the cycles.

Development: You helped establish the CRE internship program for the statewide Georgia chapter of the Commercial Real Estate Development Association. Why are mentorship and access important to you?

Boler: It comes back to why I am here. If it were not for JLL recognizing that equitable diversity has financial value for companies — because of the innovation it creates and the trajectory of where America's demographics are going — I might not be in commercial real estate. I want to provide the same opportunities to others that somebody provided to me.

The biggest advantage is access; it is not just about exposure. CRE is a relationship business. At the end of the day, knowing someone, growing up or going to school with someone, or being a family member of someone is often how people get into this industry. I wanted to offer exposure for students who are close to becoming young professionals and who have a strong interest in the CRE industry but also provide short-term access by placing them with companies that understand the value. This was the program's sixth summer of interns. We have interns from all different types of backgrounds. However, we focus on providing opportunities for minority groups that are historically and significantly underrepresented.

Development: KMT has remained lean, and you're the sole employee. Why have you taken that approach?

Boler: Any company's smartest strategic bet is to hire only when needed. I learned that until

revenue projections can cover an employee for two years, hiring should wait. I brought that approach to KMT and expect to hire this year or next. During cyclical times or if there is another downturn, I want to ensure the company is sustainable and cover the team through market ups and downs.

Development: Does industrial real estate still have a long runway?

Boler: It is definitely challenging because of NIMBY-ism, utility and infrastructure constraints, and land constraints. But capital allocations are still very much focused on the industrial sector. From an e-commerce standpoint, the U.S. is still around 20% of overall retail sales, which is low compared with Europe and China. Also, there's additional demand from domestic manufacturing and AI.

I do believe there is a longer runway, but it is going to take more public-private partnerships to educate communities about why industrial real estate is sometimes located where it is. Industrial cannot be just anywhere. There are locations and corridors that were intrinsically made for industrial, and those are the places where we should be leaning in.

Development: As KMT begins to grow, how do you plan to build its culture?

Boler: It is all about relationships. It's important to me to build the company with people



Gregory Boler Jr. and his family show their support for Florida A&M University, where Gregory majored in mechanical engineering and played football.

"It's important to me to build the company with people I've worked with in different capacities, colleagues I trust, and individuals I'm confident can deal with challenging scenarios and come out successfully on the other end."

Gregory Boler Jr.



Speaking at the Georgia chapter of the Commercial Real Estate Development Association, where Boler helped establish a CRE internship program.

I've worked with in different capacities, colleagues I trust, and individuals I'm confident can deal with challenging scenarios and come out successfully on the other end. They need to be open to direction, but also vocal if they see risk ahead. They need to be able to raise their hand and say, "Here is a risk," and then collaborate on the best way to solve that problem.

Development: Looking ahead five to 10 years, where do you see KMT Partners?

Boler: Right now, I am focused on the East Coast because those are the markets I know. But my goal is to have partners in certain markets where I am bullish and that have great foundational value from an industrial standpoint. I look at Trammell Crow, Transwestern, Panattoni and Dermody. They showed us a great blueprint that can be duplicated if the focus stays entrepreneurial and creative and if you invest in good people. The goal is to be national — and then scratch the surface on global.

Development: How do you spend your time away from work?

Boler: I am married and have two boys, ages 8 and 12. They are very active and play

football, basketball, track and golf. I am very involved and have coached both at different points. I am also deeply engaged locally with 100 Black Men of Atlanta, which is focused on mentorship and education empowerment for youth in the Atlanta metro area. I am active in my fraternity, Omega Psi Phi; serve on the board of an affordable housing developer focused on socially equitable housing; and sit on the 2026 Commercial Real Estate Development Association Executive Committee as vice chair of education. I'm also past president of the Georgia chapter. So outside of work, it is family, mentorship, community and service. ■

Ron Derven is a contributing editor to Development magazine.

The Entrepreneur interviews are edited for length and clarity.



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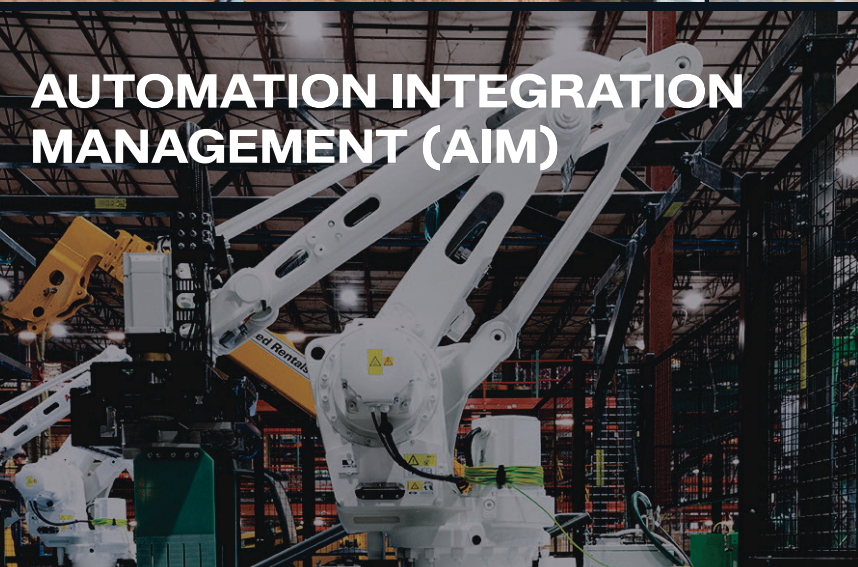
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When Does Real Estate Become Truly Human-centric?

Rethinking performance, systems and long-term value on the path toward Real Estate 6.0.

By Emanuel Gana and Alice Villar, Finquity Capital LLC

The real estate industry is undergoing a structural transformation. Digital technologies are reshaping how assets are designed, financed and operated, while forces such as urbanization, affordability constraints and climate risk are redefining what long-term performance means.

In this context, human-centricity is emerging as a strategic priority. It is increasingly associated with value creation, tenant satisfaction and asset resilience. Despite its growing importance, the concept remains inconsistently defined across the industry. In real estate, human-centricity is frequently framed in terms of design features, amenities or user experience. While these elements are essential, they do not fully capture what is required for buildings to perform consistently as conditions evolve.

The Data Fragmentation Problem

The real estate industry has made significant progress in digitization and the adoption of proptech. However, data fragmentation in real estate is widely recognized as one of the industry's most persistent challenges, limiting decision-making, slowing transactions and constraining the use of artificial intelligence. Information is often trapped in disconnected systems and workflows, creating a fragmented view of assets.

This lack of continuity leads to inefficiencies, manual processes and a reduced ability to anticipate risks, respond to changing conditions and understand how people experience the built environment. In such conditions, human-centricity cannot fully emerge, as the system itself does not support it.

In real estate, human-centricity is frequently framed in terms of design features, amenities or user experience. While these elements are essential, they do not fully capture what is required for buildings to perform consistently as conditions evolve.

Over the past decade, efforts to address this problem have focused on integration. Application programming interfaces (APIs), common data environments (CDEs) and centralized platforms have improved connectivity between systems, allowing data to move more easily across tools and teams. These developments represent important progress. However, connectivity alone does not create coordination. It ensures that one system can send data to another, but it does not guarantee that the receiving system will trigger a workflow, update a risk profile or prompt a decision. Without coordination, silos persist in a new form: Data becomes accessible, but it is not translated into action or decision-making.

From Connectivity to Coordination

For systems to truly coordinate, four capabilities become essential:

- Governance, which defines how data is used through clear rules and responsibilities.
- Decision logic, which ensures that data is interpreted in context.
- Process execution, which translates data into action.
- Continuous learning, which allows systems to adapt over time.

This move from connectivity to coordination is part of a broader transition currently underway across industries. Industry 4.0 focused on connectivity, automation and data-driven processes. Industry

5.0 builds on this by placing human-centricity, sustainability and resilience at the center of performance.

Applied to real estate, this transition is giving rise to what can be described as Real Estate 5.0. Buildings are no longer treated as static assets but as continuous, data-driven systems. Performance is supposed to be shaped over time through interaction between people, technology and the built environment.

In this context, building on our previously published research, we propose a system architecture for human-centric real estate (see figure on facing page) that organizes these elements into a coherent structure.

The architecture is organized as an integrated system:

- Digital technologies form the foundation, enabling data capture and processing.
- Interoperability is the critical condition that allows these systems to function as a unified whole.
- On this foundation, human, sustainable and resilient systems operate as interconnected performance dimensions.
- These systems extend across the life cycle, ensuring continuity.
- At the top, performance emerges as an outcome, defined by the ability to align human needs, environmental conditions and operational requirements over time.

This transformation redefines value creation.

Real Estate 5.0: Human-Centric Built Systems Through Sustainability and Resilience

The next phase of digital transformation integrates human-centricity, sustainability, and resilience.

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REAL ESTATE 5.0 SYSTEM ARCHITECTURE

SYSTEM PERFORMANCE OUTCOMES

Human-Centered	Sustainable	Resilient
Experience Well-Being Personalization	Energy Carbon Materials ESG	Climate Cyber Stability

REAL ESTATE LIFECYCLE

Pre-development + Acquisition + Design & Construction + Operation & Asset Management + Disposition

REAL ESTATE SYSTEMS

Human Systems	Sustainable Systems	Resilient Systems
Wellbeing & health Accessibility & user experience	Energy efficiency Resource efficiency & carbon reduction	Climate adaptation System reliability & operational continuity

DIGITAL INTEROPERABILITY

Data Integration | Digital Thread | Lifecycle Data Continuity

DIGITAL TECHNOLOGY ENABLERS — ACROSS ALL SYSTEM DIMENSIONS



System architecture integrating digital technologies, lifecycle processes, and performance outcomes

Credit: Emanuel Gana and Alice Villar, Finquity Capital LLC

Buildings begin to operate as performance platforms, with outcomes continuously monitored and adjusted. Space becomes dynamic, evolving in response to user behavior. Operations generate intelligence for future decisions. In this sense, real estate becomes a learning system.

When Human-centricity Becomes a System Property

Within this evolution, the meaning of human-centricity itself changes. In earlier stages, it was associated with comfort, ensuring adequate lighting, temperature and safety. Later, it expanded to include experience, with a focus on well-being, amenities and tenant satisfaction. Now, a third stage is emerging in which human-

centricity is defined at the system level.

At this stage, the question is whether the system can sustain performance over time, adapting to changing needs while maintaining environmental and operational stability.

Human-centricity becomes inseparable from sustainability and resilience. A system cannot be truly human-centric if it compromises long-term environmental viability or fails to withstand shocks and disruptions.

Real estate operates as a system of systems. In this view, design, construction, operations and asset management are interconnected components of a larger architecture. Performance emerges from how these components interact rather than from any single feature or technology.

This transition is giving rise to what can be described as Real Estate 5.0. Buildings are no longer treated as static assets but as continuous, data-driven systems. Performance is supposed to be shaped over time through interaction between people, technology and the built environment.

Often regarded as one of the world's most advanced smart buildings, The Edge demonstrates how human-centricity, sustainability and operational performance can be integrated within a single coordinated system.

From Buildings to Systems

In a coordinated system, data is captured at each stage, shared across systems and used to inform decisions over time. The life cycle becomes a continuous decision system where performance is actively managed and improved. This creates the conditions for real estate to operate as a responsive and adaptive environment.

The Edge, designed by PLP Architecture for Deloitte in Amsterdam, is the most widely cited example of this transformation. Often regarded as one of the world's most advanced smart buildings, it demonstrates how human-centricity, sustainability and operational performance can be integrated within a single coordinated system. At its core, data collection is driven by human needs. The system continuously captures information about how people use space, ensuring that operational decisions reflect real patterns of occupancy, behavior and preferences.

A "digital ceiling" of over 28,000 sensors tracks occupancy, lighting, temperature and humidity in real time, allowing the building to adjust as conditions change. As users move through the space, the system aligns energy use and operational behavior accordingly. At the same time, a mobile interface allows users to personalize their environment,

creating a continuous feedback loop between human intent and system response.

This integration allows the building to continuously respond to changing conditions, turning performance into an ongoing process. The building operates as a net-positive energy system and holds a BREEAM-NL rating of 98.36%, one of the highest ever recorded. It has reported no employee comfort complaints, while 72% of users indicate a sense of control over their environment. These outcomes demonstrate how sustainability, human-centricity

and resilience emerge through continuous system-level coordination.

The Edge is not an isolated example. The same system-oriented approach is increasingly visible in North America. One example is The Spiral in New York, where building operations are coordinated through an integrated platform that connects environmental controls, energy management and irrigation systems. The platform manages water reuse, supports the building's cascading gardens and continuously optimizes energy performance. Human-centricity is also embedded within the building's design strategy. The Spiral, developed by Tishman Speyer, incorporates extensive outdoor terraces, customizable workspaces and collaborative environments intended to support occupant well-being and flexibility.



Building operations at The Spiral are coordinated through an integrated platform that connects environmental controls, energy management and irrigation systems.

Despite their differences, both projects illustrate the same underlying principle: Sustainability, human-centricity and resilience emerge through coordination rather than through isolated technologies.

Scale-up Effect: Toward Real Estate 6.0

This shift toward integrated performance does not stop at the building level.

In Real Estate 5.0, assets operate as continuous, data-driven systems. This requires a shift toward more dynamic models, such as Building-as-a-Service (BaaS), where performance is continuously monitored and adjusted over time.

As this logic evolves, integration extends beyond individual assets. Buildings begin to connect with broader urban systems, including energy networks, mobility infrastructure and digital platforms. Performance is no longer defined solely within the asset but increasingly depends on how effectively it interacts with larger systems.

This gives rise to a scale-up effect: Coordination moves from the building to the district, and from the district to the city.

Within this emerging landscape, Real Estate 6.0 represents the next phase of development. Real Estate 5.0 introduced the Learning Building. Real Estate 6.0 takes the next step: the Interconnected Network. Buildings become nodes within larger, coordinated networks. Industry 6.0 has been projected to emerge between 2050 and 2070.

Performance, in this context, is defined not only by how buildings operate internally, but also by how effectively they interact with and contribute to broader systems over time.

This marks a transition from isolated assets to coordinated, adaptive environments, laying the foundation for the next evolution of real estate. ■

Emanuel Gana is founder and managing partner of Finquity Capital LLC, where he leads investment strategy, acquisitions and asset execution.

Alice Villar is head of research and strategy at Finquity Capital, where she leads the firm's research initiatives on emerging technologies, digital transformation and innovation in real estate.

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In Touch With Tenants

Ideas for Attracting and Retaining Tenants

Negotiating With Giants

How Canadian industrial tenants can win at the table with institutional landlords.

By Michael Law, Lennard Commercial Realty

For most of the past five years, industrial tenants in Canada primarily had one choice: Accept the offer. With tight vacancy drawing close to historic lows and an undersupplied development pipeline, landlords had little incentive to move. That's no longer the case.

In the first quarter of the year, Canada's industrial vacancy rate dipped for the first time since 2022, clocking in at around 3.5% as absorption ate into supply. The experience is not entirely uniform. Calgary and Edmonton are among the tightest markets in North America. Meanwhile, Montreal is still contending with structural oversupply, and the market is just beginning to stabilize in Vancouver and the Greater Toronto Area (GTA).

The net asking rates are illustrative. Vancouver, at around \$19.50 Canadian to \$20 Canadian per square foot net, is off its peak of \$22 to \$23. The GTA's asking rate is in the mid-\$16 range, with rates dipping to the low to mid teens in Durham, Hamilton and pockets of Mississauga, but climbing to the high teens for prime product in Northern GTA. Calgary fetches approximately \$10.50 per square foot net, with tight small-bay vacancy. Montreal's large-bay product, where oversupply is concentrated, is in the mid-\$14s.

What makes this moment significant is not merely that rents have seen a dip. Institutional players, the biggest of all, now have an incentive to lease. BGO, Pure Industrial and

Oxford Properties, among others, are offering free rent, tenant improvement allowances and other incentives to get deals done where there were no concessions available or required two years prior.

Institutional vs. Private: Why the Playbook Is Different

Negotiating with a landlord who owns the building versus negotiating with a committee that manages hundreds of buildings is not the same thing. The Canadian industrial market is anchored by giant institutional landlords that have asset management committees. Straightforward deals with institutional groups will take six to eight weeks to turn over.

When negotiating with institutional landlords, there is flexibility on tenant improvement and free rent packages to keep a face rate higher for investors. Private landlords, on the other hand, want to limit downtime and avoid writing a large up-front check. They are more open to bending on the face rate, as the asset is for cash flow and not necessarily for selling anytime soon. Once a tenant understands which kind of landlord they are engaging, the entire negotiation changes.

Understanding the Approval Process of Large Owners

Dealing with some of Canada's biggest landlords (BGO, Pure Industrial, Concert Properties, Oxford Properties, Dream Industrial) requires an understanding of how they make internal decisions.

These are large organizations engaged in leasing, asset management and, depending on the asset's size, review at the fund level. They are completely different from family owners that make leasing deals on conversation. Deals with large landlords typically take longer. For industrial spaces 100,000 square feet and above, tenants should expect to wait four to eight weeks between the time terms are agreed to and final sign-off, not including legal review. Deals can sometimes seem dead but are typically in the pipeline, meaning they will likely be executed over the next two months.

Experienced negotiators anticipate that these landlords need to meet specific objectives and will create their negotiation plan accordingly.



The Canadian industrial market is anchored by giant institutional landlords that have asset management committees. Straightforward deals with institutional groups will take six to eight weeks to turn over.

Courtesy of Lennard Commercial Realty



Of the nearly 25 million square feet of industrial space under construction in Canada this past summer, almost 55% was preleased.

Retention Is a Lever if Tenants Know How to Use It

Landlords are mindful that re-leasing vacated spaces entails fresh leasing costs and capital expenditure and introduces an unexpected gap in fund distributions. Few tenants use this reality to their advantage. The same principles that guide fresh leasing negotiations also apply to renewals.

Many tenants simply check the renewal box. They do not expose the landlord's fear of vacancy, thinking that it will be a disruption to their operating business if they do. However, a landlord's fear of vacancy can translate into large figures being negotiated into tenants' leases in the form of free rent or building efficiency upgrades.

Tenants should begin renewal discussions 12 to 18 months ahead of expiry. Depending on market conditions, this creates an opportunity to expose market availability that the landlord, operating on the assumption that a tenant will choose a sim-

plistic renewal, lacks. Tenants who use time to their advantage are the biggest winners. Those that wait until six months before expiry have already given up most of the leverage they had in negotiations.

The Window Is Already Closing

Tight market conditions in Canada are attributable to heavy supply, but that is running its course. In 2025, industrial completions plummeted by 38.8% year over year — the worst mark in nearly five years — totaling just 23.4 million square feet nationally. Completions are forecast to decline

For industrial spaces 100,000 square feet and above, tenants should expect to wait four to eight weeks between the time terms are agreed to and final sign-off, not including legal review. Deals can sometimes seem dead but are typically in the pipeline, meaning they will likely be executed over the next two months.

even further in 2026 to roughly 20 million square feet, a level unseen in eight years.

Of the 24.8 million square feet of total industrial space under construction in Canada as of July, 54.6% is preleased (in Calgary, 84.8% of the pipeline is preleased). Both the Vancouver and Toronto markets just exited stabilization in the first quarter of the year. The only national exception of note is Montreal's continued state of negative absorption, where tenants requiring large-bay spaces remain empowered, but that scenario may shift if no further new starts materialize.

Tenants weighing options on space from a 2027 to 2028 expiry timeline should be starting conversations now. Otherwise, they might find landlords in a different position when dealing with them in tighter markets. ■

Michael Law is managing partner at Lennard Commercial Realty in Toronto, where he specializes in industrial tenant representation and lease negotiation across Canada's major markets. He can be reached at mlawrealestate.com.

Negotiation Levers and How to Pull Them

The current negotiating environment offers more tools for tenants than it has in years; the challenge is deploying them strategically. The following examples reflect recent Greater Toronto Area market deals.

Free rent: In the range of two to six months, extending up to 12 months upon committing to a larger square footage footprint on longer-term deals.

Tenant improvement allowances: Expect substantial tenant improvement packages coupled with free rent from major landlords for the purposes of preserving a market face rate.

Stepped rent structures: Landlords will entertain stepped rent structures that begin below today's headline market rate and escalate each year. They protect the tenant from the risk of locking in today's rate as a floor and typically do not have the same impact on a landlord's fund-level yield.

Timing: Getting negotiation talks underway 18 months out from expiry is a prerequisite for achieving the greatest success for tenants. Landlords hold the cards if tenants wait to approach them six months from expiry.

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Advanced Real Estate Finance: A Refreshed Course for a Complex Market

New course enables CRE professionals to sharpen or modernize their financial skill set.

By Brielle Scott

Rising interest rates, tighter lending standards, increased scrutiny of underwriting assumptions and changing tax policies have made financial expertise more important than ever. Commercial real estate professionals who understand how to evaluate risk, structure capital stacks and assess investment performance are better positioned to navigate uncertainty and identify opportunities.

To meet that need, the Commercial Real Estate Development Association has released a newly updated version of its popular Advanced Real Estate Finance course, designed for intermediate- to advanced-level professionals including developers, owners, asset managers, financial managers, investors and brokers.

“In order to thrive in competitive markets, real estate investors must have a comprehensive understanding of how deal structures and capitalization strategies affect financial performance. The Advanced Real Estate Finance course is designed to provide such an understanding.”

Dustin Read, department head and Bates Family Professor of Real Estate, Virginia Tech

Unlike introductory finance programs, the course focuses on real-world investment analysis and decision-making, helping participants connect financial theory to the practical challenges of acquisitions, development and asset management.

The course is available online and on demand through the CREDA Center for Education and delivered via eight in-depth modules developed with the help of four distinguished subject matter experts: **Cory Bultinck**, CPA, partner at Wipfli Advisory LLC; **Robert “Dink” Dinkelspiel**, founder and managing director of Goose Mountain Real Estate; **C. Kat Grimsley**, Ph.D., clinical professor of real estate finance at the University of Illinois, Urbana-Champaign; and **Dustin Read**, Ph.D., J.D., department head and Bates Family Professor of Real Estate at Virginia Tech.

“In order to thrive in competitive markets, real estate investors must have a comprehensive understanding of how deal structures and capitalization strategies affect financial performance,” Read said. “The Advanced Real Estate Finance course is designed to provide such an understanding.”

The first module revisits core real estate finance concepts, capital markets and property valuation; learners already comfortable with these fundamentals can advance directly to more specialized content beginning in the second module.

Subsequent modules examine market dynamics like



supply, demand and lease concessions. Learners will build discounted cash flow models, assess risk using scenario and sensitivity analysis, and explore debt and private equity financing. The course also addresses tax impacts, value-add strategies and return optimization. It concludes with two case studies that provide learners with the opportunity to apply concepts covered throughout the course.

Advanced Real Estate Finance is one of four courses required to earn a CREDA Certificate of Advanced Study in Real Estate Finance, allowing participants to build toward a



“The Advanced Real Estate Finance course provides industry-focused content that can familiarize the most seasoned professionals with the various assumptions, variables and evolving complexities of real estate development and investment.”

Cory Bultinck, partner, Wipfli Advisory LLC

After taking Advanced Real Estate Finance, learners will be able to:

- Describe real estate market trends and key metrics.
- Evaluate the cost of concessions and lease turnover.
- Utilize scenario analysis, sensitivity analysis and stress testing to evaluate commercial real estate investments.
- Explain how lenders underwrite loans and make lending decisions.
- Discuss equity financing sources and returns.
- Calculate the impact of asset depreciation on taxes.
- Outline tax strategies specific to real estate.
- Identify and analyze value-add property investment opportunities.

recognized credential that demonstrates advanced expertise in commercial real estate finance and investment analysis. Certificate recipients earn a digital badge that can be shared on social media, added to resumes and email signatures, and showcased across online professional profiles.

“The Advanced Real Estate Finance course provides industry-focused content that can familiarize the most seasoned professionals with the various assumptions, variables and evolving complexities of real estate development and investment,” Bultinck said.

Whether evaluating acquisitions, pursuing development opportunities or managing existing assets, a deeper understanding of real estate finance can help professionals make better-informed decisions in an increasingly complex market.

Explore the resources available to professionals at every career stage in the CREDA Center for Education at learn.credaglobal.org. ■

Brielle Scott is director of marketing and communications at the Commercial Real Estate Development Association.

Solar Emerging as a Core Institutional Real Estate Strategy

Rising electricity costs, an emphasis on risk management and a maturing industry are pushing the transition of solar from sustainability checkbox to profit center.

By Victoria Stulgis, Black Bear Energy, a Legence company

Solar on commercial real estate is no longer a sustainability or ESG checkbox — it has become a strategic value-add opportunity for real estate portfolios. Black Bear Energy's 2025 Solar Leaderboards (Leaderboards) underscore this shift, revealing that the industry has deployed 1.086 gigawatts direct current (GWdc) of installed capacity across 2,157 projects and 65 real estate owners/managers in the United States. This makes 2025 the single-highest deployment year on record, with 169 megawatts installed — a significant increase from the prior five-year average of 82 MW.

While this growth is impressive, a 2023 Morgan Stanley report quantified the total addressable market for solar on

REITs at 328 GW, highlighting vast untapped potential and showing that the industry is only just getting started.

The Economics: Markets and Geography Matter

A convergence of high electricity prices and solar-friendly policies has created favorable market conditions that make on-site and rooftop commercial and industrial solar projects financially compelling, but markets and geography matter.

Three variables largely impact project economics:

- 1) Electricity costs
- 2) Solar irradiance (kWh/kW annually)
- 3) Solar-friendly policies

Solar-friendly policies can take many forms, including net

California accounts for 35.2% of total solar installed on real estate by volume, whereas Florida represents only 2.2% of total volume.

metering, additional kWh revenue sources (such as solar renewable energy credits or similar), up-front rebates, tax credits with bonus credit adders, and alternative offtake models such as community solar or feed-in tariff programs.

Together, these variables explain why a solar project in California offers fundamentally higher returns than a project of the same size in Florida. For example, electricity prices in California can be roughly twice as high as rates in Florida, a gap that translates into a 500 basis point difference in a 20-year internal rate of return. The market data reflects this: California accounts for 35.2% of total solar installed on real estate by volume, whereas Florida represents only 2.2% of total volume, according to the 2025 Leaderboards.

What Makes a Good Solar Market? Electricity Prices: California vs. Florida

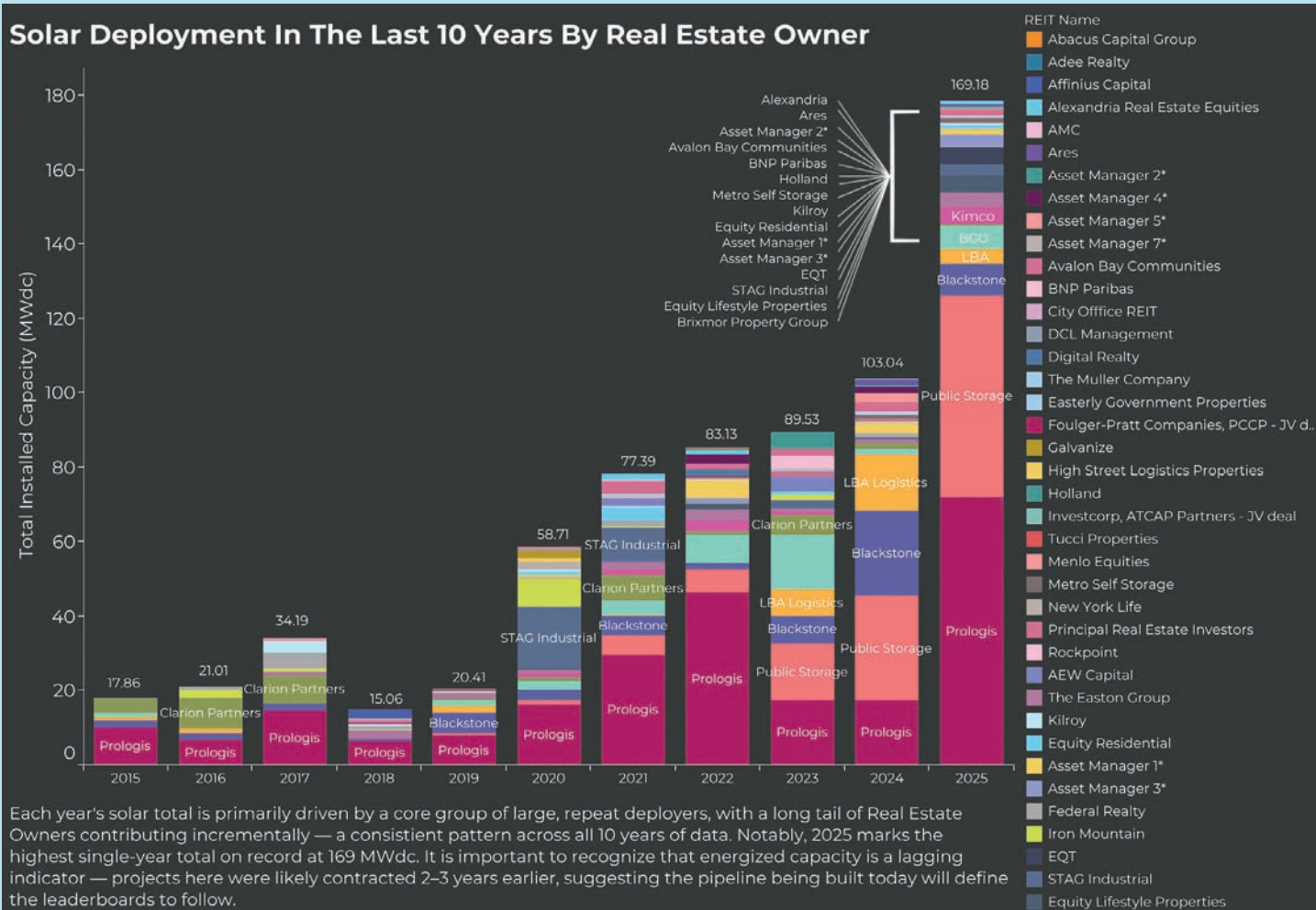
Oyster Point, CA		St. Petersburg, FL	
Project Size (kW)	500	Project Size (kW)	500
Project Yield (kWh/kW)	1,558	Project Yield (kWh/kW)	1,555
Project Cost (\$/W)	\$2.20	Project Cost (\$/W)	\$2.20
Project Cost (\$)	\$1,100,000	Project Cost (\$)	\$1,100,000
Revenues and Returns		Revenues and Returns	
Offset Rate	\$0.16	Offset Rate	\$0.07
Electricity Revenue	\$116,625	Electricity Revenue	\$65,436
Year 1 Income (NOI)	\$105,664	Year 1 Income (NOI)	\$52,137
Year 1 Yield Pre Sale ITC	9.6%	Year 1 Yield Pre Sale ITC	4.7%
20-Year IRR Pre Sale ITC	5.7%	20-Year IRR Pre Sale ITC	-5.1%
20-Year IRR Sale ITC	9.9%	20-Year IRR Sale ITC	-2.1%

Credit: Black Bear Energy, a Legence company

Community Solar Driving Volume, Growth Among Industrial Owners

Community solar has emerged as one of the most promising structures driving growth and solar deployment at scale. Community solar enables property owners to lease available space to a solar developer, who owns, operates and manages the solar array. A pool of residential subscribers purchases the power, often at a discount, while utility companies retain renewable energy credits to apply toward renewable portfolio mandates. For property owners, this arrangement provides additional rental income, while subscribers gain access to affordable renewable electricity. Beyond financial benefits, hosting a community solar system expands local access to clean energy, strengthens energy efficiency performance and offers visible community benefit — a cost-effective, impactful solution for creating long-term portfolio value. By the close of 2025, community solar accounted for 233.8 MWdc, or over 21% of all tracked capacity.

Solar Deployment In The Last 10 Years By Real Estate Owner



Credit: Black Bear Energy, a Legence company

This structure has been especially beneficial for industrial warehouse owners, who often face significant challenges in deploying on-site solar due to low on-site tenant load, short lease terms and split incentives, resulting in underutilized yet valuable rooftop space. Community solar allows these owners to maximize rooftop capacity and collect predictable roof rent without managing on-site energy users, creating a scalable model to deploy across portfolios where favorable programs exist.

Community solar has also been embraced as an equitable policy solution. Many programs

require offtakers to be lower- and middle-income (LMI) households that historically have been left behind in the clean energy transition.

The following hypothetical example, modeled on a 2 MW New Jersey solar project, helps illustrate the underlying economics of a community solar project. The project costs \$4 million to build and develop and can generate returns for the solar project owner by selling energy to residents (with a focus on LMI households) at a discount to grid prices. The project is also eligible for state incentives: a utility-paid rate on a dollar-per-kilowatt-hour basis to help incentivize solar development in support of the state's solar and renewable portfolio standard.

In this instance, the solar project owner would receive just under \$300,000 from the electricity sales revenue and another \$200,000 from the state incentive payments. In exchange for renting the industrial warehouse rooftop, the devel-

oper will share in the project revenues by paying the building owner \$120,000 gross rent per year. Therefore, the solar project owner and landlord share in the benefit of deploying solar in that location, all while benefiting residents. This incentive structure has allowed New Jersey to become a leader in hosted rooftop community solar (just over 110 MW to date, according to the Leaderboards).

The Financial Stack

For behind-the-meter (BTM) solar, the most important financial variable is the "value of solar," or the \$/kWh rate. This represents the utility bill



Community solar enables property owners to lease available space to a solar developer, who owns, operates and manages the solar array.

Community solar allows industrial warehouse owners to maximize rooftop capacity and collect predictable roof rent without managing on-site energy users, creating a scalable model to deploy across portfolios where favorable programs exist.

charges offset by solar and is calculated as (Utility Cost Before Solar – Utility Cost After Solar) ÷ Annual kWh Generated.

Determining this value requires detailed analysis using a year's worth of 15-minute interval data and an expert understanding of how to calculate and optimize these rates. This is particularly true in places like California with Time of Use pricing (rate tariffs that charge higher rates at peak times and lower rates at off-peak times), demand charges, and varying rate options and non-bypassable charges.

A case study of an installed 600 kW solar project at a California office asset highlights the significant long-term value of BTM installations. Energized in 2017, the system was implemented under a \$0.12/kWh power purchase agreement

with a 2.7% annual escalator. In the first seven years, the array generated cumulative energy savings and rent of more than \$650,000 through 2025, as the value of solar increased from \$0.145 to \$0.236/kWh.

Additionally, federal tax benefits, such as the investment tax credit (ITC) and modified accelerated cost recovery system/accelerated depreciation, play a significant role in financing solar projects. REITs without a taxable REIT subsidiary (TRS) are unable to monetize these tax benefits, introducing complexity to landlord-owned solar projects. Despite this, the Leaderboards data reveals that nearly half of the capacity has been owned by landlords. This is due in part to many of those leading companies also being owner-operators that have corporate tax liability, selling tax credits or leveraging a TRS. For projects eligible for the 30% ITC, monetizing these tax credits and depreciation increases the return more than 400 basis points. Many REITs without such capabilities rely on third parties to own and operate solar projects on their rooftops in exchange for rent — a downstream solution to benefit from the tax credits offered by the federal government.

With a minimum of 30% of the capital stack dedicated to tax incentives, the commercial solar industry is facing significant near-term uncertainty with repeal of the solar ITC. For projects that didn't meet the IRS definition of "commence construction" by July 5, 2026, the only remaining path to secure the ITC is project completion by the end of 2027, a rapidly closing window. The industry anticipates a transition period that will likely include developer consolidation, price recalibrations across labor and materials in response to changes in supply and demand, and heightened grid demand driven by AI and data center growth, underscoring the urgency for adaptation in the evolving market landscape.

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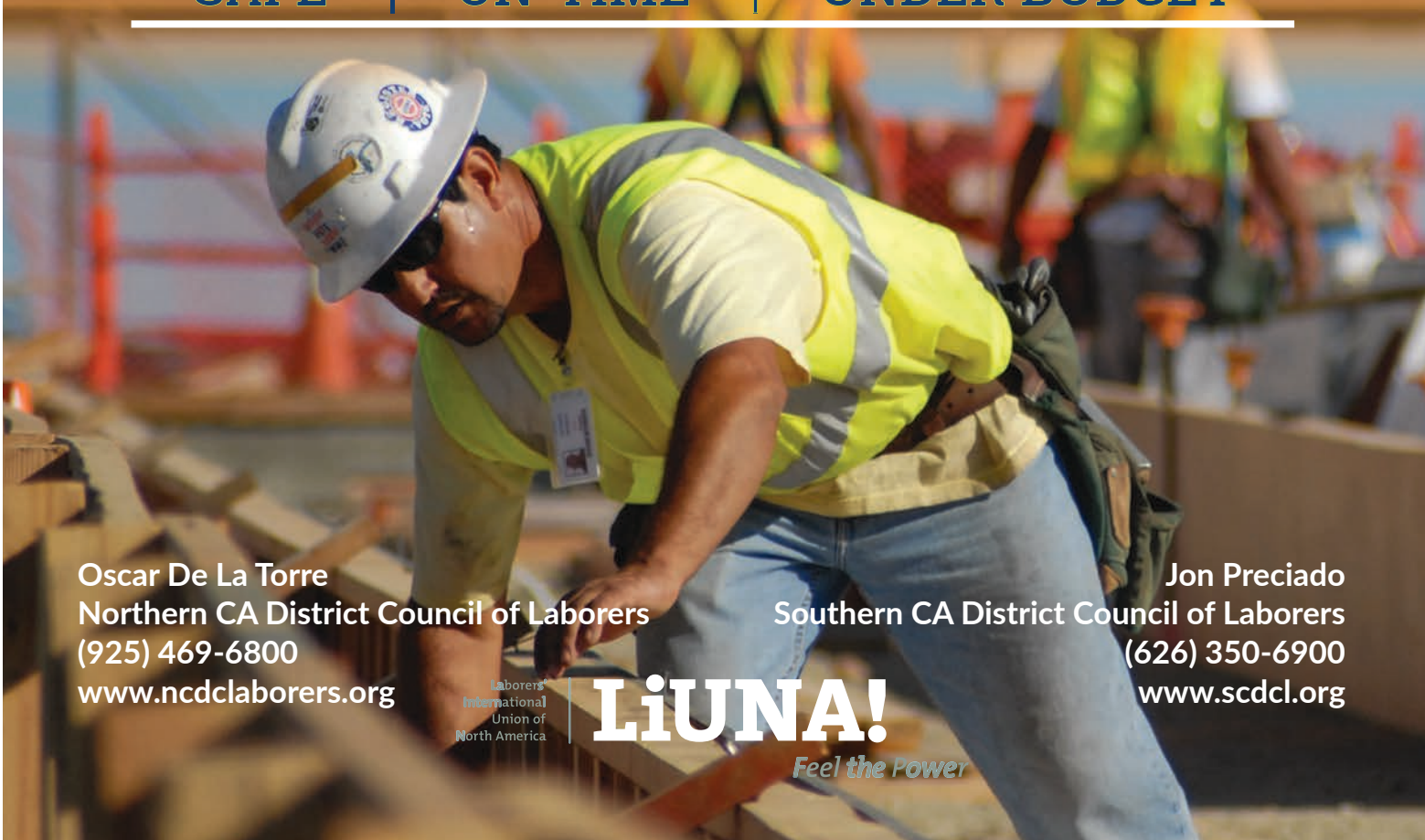
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The latest Leaderboards report reveals that the top five REITs account for 63.6% of total installed capacity, with Prologis leading the charge at 309.4 MWdc.

Industry Adoption at Scale

The latest Leaderboards report reveals that the top five REITs account for 63.6% of total installed capacity, with Prologis leading the charge at 309.4 MWdc. While 62% of projects are BTM based on project count, most of the volume comes from front-of-meter projects, which average 1.17 MW each versus 0.376 MW for BTM. This underscores how community solar and feed-in tariff structures drive large-capacity additions. The 169 MWdc energized in 2025 likely reflects contracts signed two to three years earlier, meaning the pipeline of contracts being signed today will likely define the Leaderboards in 2027 to 2029.

Case Study: LBA Logistics

LBA Logistics and LBA Properties (LBA) has built a repeatable, portfolio-wide solar program in partnership with Black Bear Energy, scaling from 5.9 MW in 2021 to a projected 48.1 MW in 2026. This includes projects in the Maryland Community solar program involving four industrial buildings totaling 2 million square feet and 17.5 MW of solar, generating significant annual roof rent. LBA hosted a subscriber enrollment event for tenant employees, and subscribers receive greater than 10% savings on their electricity bills.

LBA's comprehensive, best-in-class solar program is supported by defined processes and approvals. This includes a standardized solar lease template and policies that include a reserve space policy, lease language requirements and solar-ready roof guidelines. Monthly portfolio vetting with Black Bear Energy, combined with a structured cross-functional approval process that spans asset management,

property management, leasing, legal, joint venture partners and lenders, reinforces and supports program execution.

Best Practices and Takeaways

As the Leaderboards show, real estate professionals are ramping up their deployment of solar, with success ranging from global industry leaders to smaller firms with limited resources. All these groups have identified ways of overcoming hurdles inherent in scaling distributed generation within their real estate portfolios.

To set up solar programs for success, real estate professionals should ensure there is buy-in at the executive level, set clear goals and establish a repeatable, standardized internal approval process before scaling. Updating standard building lease templates to reserve landlord solar rights and negotiating solar provisions in all new mortgage documents will pay dividends. Consulting with an expert can help identify the best assets for solar deployment, evaluate whether the system should be third-party or landlord-owned, and determine whether the energy should be used on-site. Given the significant effort and costs required for each project regardless of size, it is recommended to prioritize larger, high-value projects over smaller projects or projects with lower rental income.

The opportunity exists to deploy solar at scale, as evidenced by forward-thinking real estate owners who are finding ways to monetize their underutilized roofs, parking lots and garages. ■

Victoria Stulgis is president of Black Bear Energy, a Legence company.



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What Makes a Parking Asset Actually Perform

Developers are gradually learning a better way to rewrite their pro formas around parking.

By Sean Glavin and Morgan Hurley, HAH Parking

In 2019, a developer in downtown Charleston, South Carolina, acquired a fragmented assemblage of parcels for \$20.7 million with plans to build. Five years later, construction has yet to begin. The reason is not financing, permitting or market conditions. The reason is parking. The lot the developer has been operating in the interim now generates over \$2 million in annual net operating income, more than the planned mixed-use development was expected to produce.

This is not an isolated story. A small but growing number of developers are underwriting parking as a performance asset rather than a placeholder.

The financial difference is significant enough to change acquisition decisions, refinancing strategies and entire development timelines.

Why Parking Gets Mispriced on the Balance Sheet

A common mistake in commercial real estate underwriting is treating parking as an afterthought. In most pro formas, parking revenue shows up as a line item to be absorbed by the project. That assumption made sense when parking was static and low margin. Today, parking should be underwritten as a stand-alone contributor to net operating income.

The U.S. smart parking systems market is projected to grow from \$2.93 billion in 2025 to \$13.16 billion by 2033, a compound annual growth rate of 21%, according to Grand View Research. The technology that governs how parking is priced, monitored and enforced bears almost no resemblance to what existed when

The technology that governs how parking is priced, monitored and enforced bears almost no resemblance to what existed when most current pro forma templates were built.

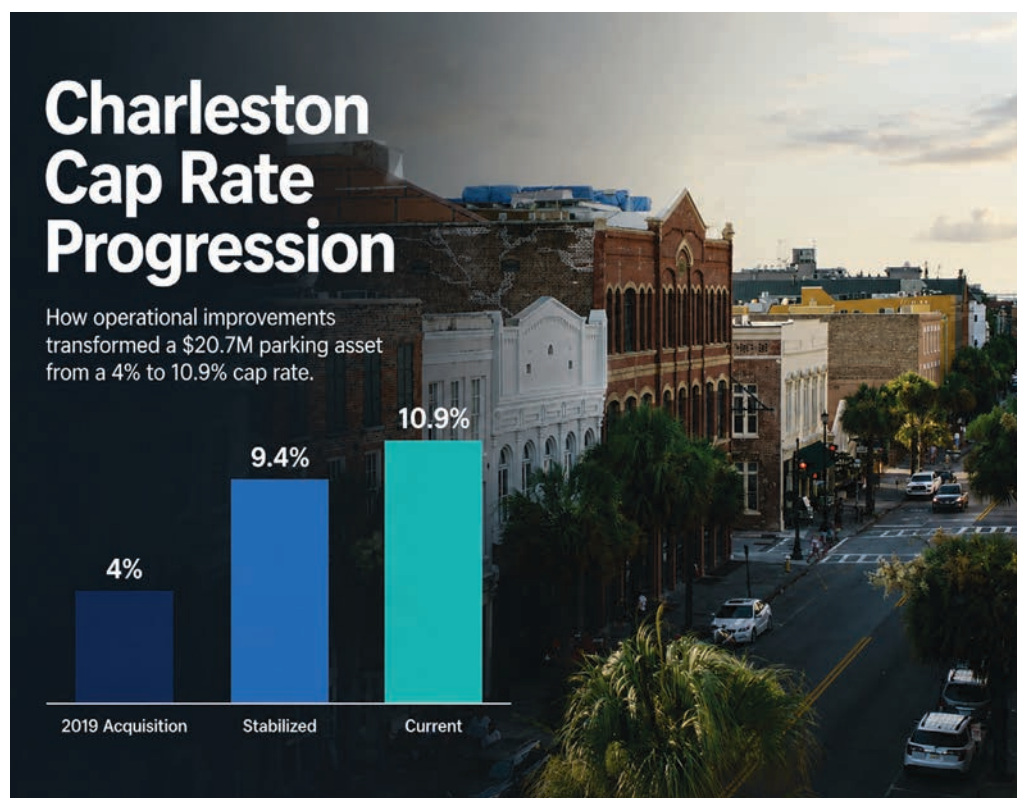
most current pro forma templates were built.

The framework these developers use is simple: Deploy a technology solution that optimizes revenues with minimal capital expenditures, coupled with an operating model built on two levers. The first lever is the number of transactions, which is how many people pay. The second is the revenue per transaction, which is how much each person pays.

Case Study: A Charleston Multiparcel Assemblage

The Charleston project shows what happens when both levers are tuned together. The 152-space asset was acquired in 2019 at a 4% going-in cap rate, reflecting underperforming income. It had been operating with outdated management, inconsistent pricing and minimal visibility.

The operational changes were modest in cost but meaningful in approach. The devel-





oper, Charleston Commercial, invested roughly \$50,000 in capital improvements — primarily upgraded signage and lighting along with a set of lot enhancements that included new landscaping, filling pot-holes, restriping, and improving the lot's visibility on mapping platforms. The seven separate parcels were consolidated into a single contiguous lot, which streamlined operations and removed the friction of managing multiple legal boundaries. The parking gate and staffed exit, which created lines of traffic and labor cost, were replaced with a digital enforcement system. Transactions and compliance both improved.

The most significant change was pricing. Static rates were replaced with dynamic pricing that adjusted in real time based on occupancy and time of day. The financial impact was substantial. Net operating income grew from \$840,000 at acquisition to \$2.2 million today.

Against the same basis, the going-in cap rate of 4% expanded to a current yield-on-cost of 10.9%. The transformation was achieved with a capital improvement budget of less than \$50,000 against an asset value of \$20.7 million, far below typical ground-up capex assumptions.

The most consequential outcome was the decision to delay construction. Parking revenue made the existing use more valuable than the planned project. When parking is underwritten properly, the development timeline calculus changes. In the right location, with operational discipline, parking is a performance asset in its own right. More importantly, it can fundamentally reshape the pro forma during the hold period and materially de-risk that hold for both the sponsor and the equity investor. Strong parking revenue covers carry costs, strengthens debt service coverage, supports refinancing optionality and establishes a stabilized income floor that allows the sponsor to time construction or disposition based on market conditions rather than capital pressure.

The Two Levers in Detail

An owner can change only two things to increase parking revenue, and once both are understood, all other operational decisions become simpler. Every improvement to a parking asset fits under one of these levers, and the operators producing the strongest results are the ones improving both

Boston Consulting Group reports that dynamic pricing can increase revenue 5% to 10% for businesses that adopt it effectively. Airlines, hotels and ride-sharing have done so already; parking has been slower to follow.

at the same time. Both levers are anchored by specific operational practices that determine how well the asset performs in the real world.

The first lever, number of transactions, is driven by three pillars. Awareness covers whether drivers can find the lot and understand it, which depends on signage and map visibility. Compliance refers to consistent enforcement that drives payment behavior, with the goal being not citation revenue but the change in driver behavior that occurs when a lot

becomes predictable. Across most well-managed lots, enforcement revenue itself rarely exceeds 1% to 2% of total gross revenue because the value of enforcement is in the parking passes purchased before a citation is ever issued. Curb appeal covers the physical condition of the lot, including lighting, striping, landscaping and maintenance. A well-managed lot converts at higher rates.

The second lever, revenue per transaction, is driven by layered pricing. The base price is tested annually, typically with 10% to 15% increases that the market absorbs without measurable drops in transaction volume. Static surge pricing applies predictable rate increases during known peak

periods such as nights, weekends and holidays. Dynamic pricing, the most advanced layer, adjusts rates in real time based on lot occupancy. As a lot fills, prices rise to capture the additional value of scarce inventory. The three layers work together rather than independently.

Few parking operators implement dynamic pricing well, and owners serious about revenue optimization are searching for partners who can. Boston Consulting Group reports that dynamic pricing can increase revenue 5% to 10% for businesses that adopt it effectively. Airlines, hotels and ride-sharing have done so already; parking has been slower to follow.

The interplay between price and demand is what HAH Parking calls the "transaction paradox." A full lot is often a failing lot. At full occupancy, the operator cannot capture additional revenue until a space opens, leaving money on the table when demand is strongest. The objective is not maximum occupancy. It is the equilibrium point where availability and price are balanced to capture the highest total revenue across the day.

"Parking is now a cornerstone of how we structure acquisitions."

Josh Schaap, managing director and co-founder, Charleston Commercial

Josh Schaap, managing director and co-founder of Charleston Commercial, frames it this way: "We underwrote this site as a development play. What we didn't anticipate was how efficiently the HAH platform could perform during the hold. A management company, a text-to-pay lot and a modest



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Where This Approach Does Not Work

The framework is not universal. Not every lot is a yield-generating asset, and developers who assume otherwise lose money. Location is the single most important factor, and the test is straightforward. The asset needs to sit in a high-density, pedestrian-oriented submarket with established demand generators nearby — typically food and beverage, entertainment, retail and office uses. Lots in infill positions in central business districts perform well. So do lots in dense suburban nodes that function as town center environments. Lots outside that profile generally do not respond to optimization.

Single-anchor suburban big-box centers are typically poor candidates. So are lots within walking distance of abundant unmonetized parking inventory. Passive ownership produces plateauing or declining revenue. Lots that perform are run with active asset management discipline: regular pricing tests, consistent enforcement and routine maintenance. Optimization is not a project; it is a habit.

improvement budget, and we were covering land carry and kicking a small yield to investors while the entitlement process ran its course. Parking is now a cornerstone of how we structure acquisitions.”

Charleston, where net operating income nearly tripled, is an example of proper application. Most operators are still measuring success by how full the lot looks. The ones who understand the transaction paradox are measuring it by how efficiently each space is producing revenue, and they are building their pricing, enforcement and inventory management around that distinction.

What Has Changed and What to Do Next

Two trends are reshaping the conversation around parking for commercial real estate professionals. The first is technology. License plate recognition cameras, text-to-pay platforms and cloud-based pricing engines have lowered the operational cost of compliance and enforcement to a fraction of what it was a decade ago. Activities that used to require field staffing now run with minimal head count. That shift has made parking optimization accessible to a much wider universe of owners.

The second trend is more nuanced. Higher interest rates have pushed more deals toward institutional capital, which relies

on standardized pro forma models that don't reflect modern parking economics. For private and middle-market sponsors, this creates a window. The owners who move quickly to underwrite parking as a performance asset can capture returns that institutional underwriting still discounts.

For professionals currently evaluating an acquisition or refinancing, the most useful step is also the simplest: Request a revenue-per-space estimate from an experienced parking operator before

finalizing underwriting. The exercise takes days, not weeks, and the resulting number frequently changes the math on the deal. Charleston came to market at a 4% going-in cap rate because its parking had been absorbed into the project rather than underwritten as a performance asset. The 10.9% yield-on-cost that followed is what changed when that assumption was inverted.

In a market where every basis point of yield matters, the parking line on the pro forma is no longer a place to leave money on the table. ■

Sean Glavin is the chief technology officer at HAH Parking, a parking management technology company based in Charleston, South Carolina.

Morgan Hurley is the company's chief revenue officer.

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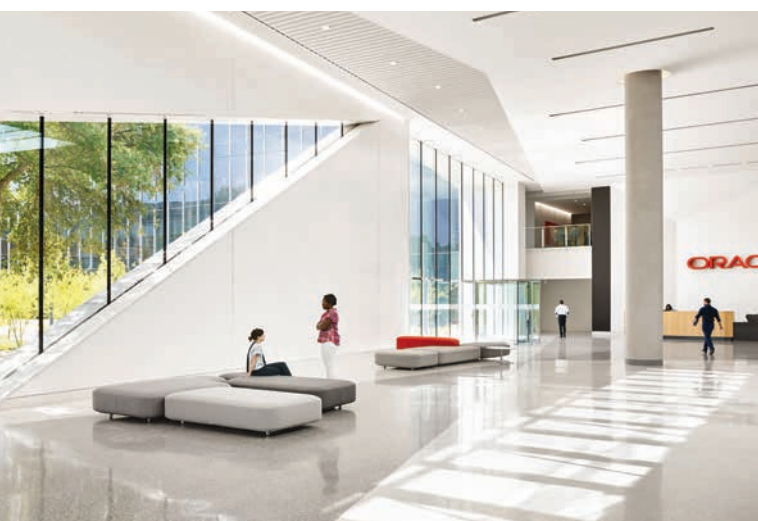
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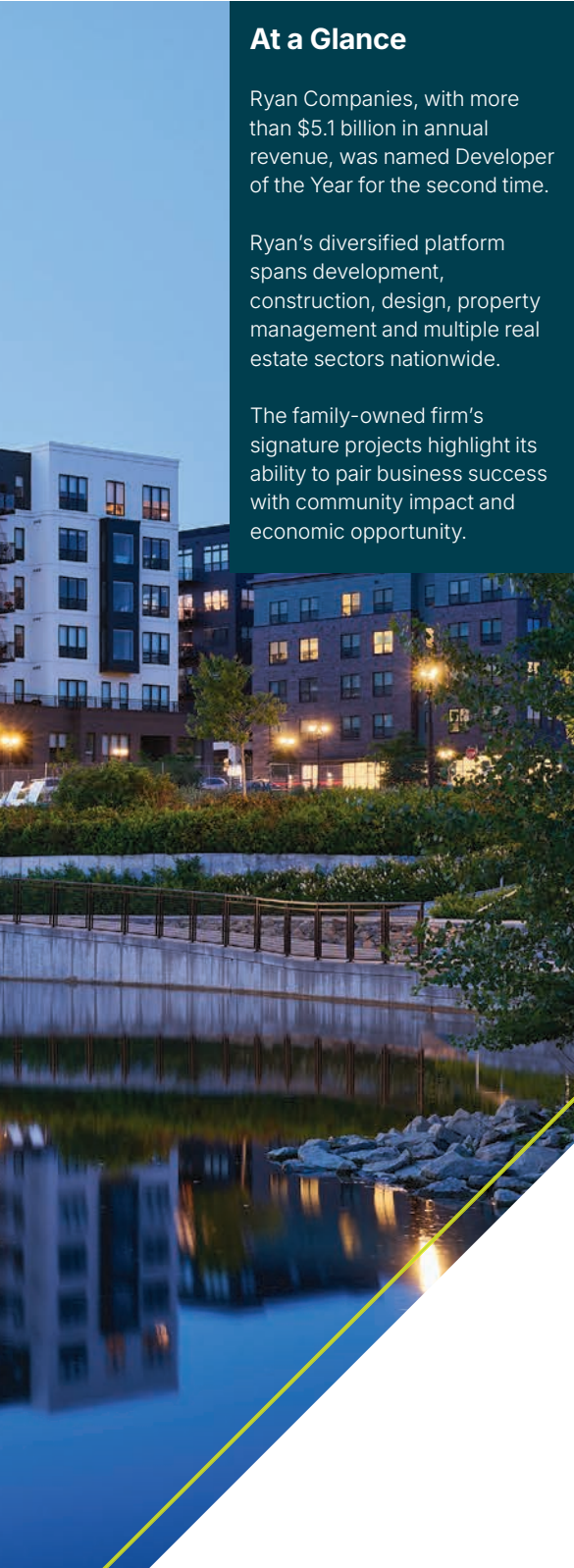


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Ryan Companies: Building Worth



Ryan Companies successfully developed the thriving mixed-use community of Highland Bridge on the former site of a Ford Motor Company assembly plant in St. Paul, Minnesota.



At a Glance

Ryan Companies, with more than \$5.1 billion in annual revenue, was named Developer of the Year for the second time.

Ryan's diversified platform spans development, construction, design, property management and multiple real estate sectors nationwide.

The family-owned firm's signature projects highlight its ability to pair business success with community impact and economic opportunity.

■ The 2026 Developer of the Year started out as a family-owned Minnesota lumberyard before growing into one of North America's most respected real estate companies.

By Ron Derven

Minneapolis-based Ryan Companies has achieved something remarkably rare: It has survived and prospered for nearly nine decades through the Great Depression, recession, war, inflation, high interest rates, the Great Financial Crisis and the COVID-19 pandemic. Through it all, Ryan Companies has remained family-owned, committed to its culture and focused on the future. Today the company has 1,700-plus employees across the United States and generates more than \$5.1 billion in annual revenue.

For the second time in two decades, Ryan Companies has been selected as the Commercial Real Estate Development Association's Developer of the Year.

"Ryan Companies exemplifies the qualities this award is intended to recognize — innovation, leadership, vision and meaningful community impact," said **Marc Selvitelli**, CAE, president and CEO of the Commercial Real Estate

Development Association. "For decades, Ryan has helped shape the commercial real estate industry through transformative development, forward-thinking sustainability initiatives and an unwavering commitment to excellence. Its integrated approach, strong company culture and ability to create lasting value across markets make it an exemplary model for the industry and a truly deserving recipient of [the association's] highest honor."

Ryan Companies was previously named Developer of the Year in 2007.

"It's a huge honor," said **Brian Murray**, CEO of Ryan Companies. "We've been around for 88 years, and this recognition validates our long-term strategy and our ability to adapt and thrive through multiple economic cycles."

Murray credits the Ryan team for the company's success. "Virtually every one of our 1,700 team members touches development in one way or another. This recognition is a testament to those people and their commitment to our clients," he said. "Awards like this are hard-earned, and receiving it again nearly 20 years later is something we're honored by and grateful for."

The Ryan Legacy

Ryan Companies got its start in 1938 as a small lumber and coal business in Hibbing, Minnesota. The Ryan lumberyard was launched by **James Henry Ryan** and his sons, **Francis** and **Russell**.

VONDELINDE LLC



Rising 42 stories above the Twin Cities, Eleven is an iconic addition to the Minneapolis skyline and one of Ryan's most celebrated landmark developments.



Development involves math, projections and macroeconomics, but when you've worked alongside the people building a project, your perspective changes completely. You understand the impact this work has on families, on people's purpose and on the pride they take in what they do."

*Mike Ryan, national president,
Ryan Companies*

The sons led the company until 1989.

"The biggest thing that has remained the same since those early days is our focus on people," said **Molly Ryan Carson**, president of Ryan's Southwest Region and among the fourth generation of the family to work in the business. "My grandfather, great-uncle and father were always concerned about people — our customers and the people we work alongside every day. If we're meeting their needs and building trusting relationships, that's what matters."

"Development involves math, projections and macroeconomics," added **Mike Ryan**, the company's national president and another fourth-generation family member, "but when you've worked alongside the people building a project, your perspective changes completely. You understand the impact this work has on families, on people's purpose and on the pride they take in what they do. Molly's dad [former Ryan CEO **Jim Ryan**] instilled a tremendous sense of humility in all of us."

Carson said growth has never been the goal in and of itself. "Mike [her cousin], my brothers and I see our job as building upon what we've been blessed with. Not just keeping it the same, but making it better — for our employees, for our customers and for the communities we serve."

Family Ownership, Professional Leadership

Ryan Companies combines family ownership with professional management. Unlike many family-owned businesses that limit leadership opportunities to family members only, Ryan intentionally cultivates leaders throughout the organization. Murray is a prime example.

"We have a nonfamily CEO, which sends an important message: There is no ceiling here," Mike Ryan said. "Leadership opportunities exist throughout the company, and people can grow into them."

Before joining Ryan Companies in 2009 — in the middle of the Great Financial Crisis — Murray spent 10 years with Arthur Andersen and another decade in senior financial leadership roles at UnitedHealth Group. Murray was introduced to Ryan by the president of Cristo Rey Jesuit High School Twin Cities, where Murray served as the first board chair. The school was built by Ryan, and the company's owners raised funds for it in the community.

Culture: The Competitive Advantage

When asked to name Ryan's greatest competitive advantage, its executives didn't reference technology, capital or even development expertise.



Ryan served as both developer and builder of Oracle's 560,000-square-foot headquarters campus in Austin, Texas.

"Our culture is the foundation of our business," Murray asserted.

The company defines that culture through seven core values: safety, respect, integrity, stewardship, fun, excellence and family. These values are treated as operational principles that influence hiring decisions, leadership development, employee engagement and strategic planning.

Every employee who joins Ryan goes through a thorough interview process because the company wants to ensure they are aligned with those values and will help steward them going forward, Murray noted. As the company has expanded, maintaining that culture has become even more important.

"We invest heavily in leadership development, mentorship and communication," Murray said. "We have programs for managers, senior leaders and executives. We have mentoring opportunities throughout the company."

Planning for the Long Term

Ryan's commitment to long-term planning is demonstrated through an intensive strategic planning process. Every five years, Ryan brings together team members from different disciplines, business units and geographic regions to discuss emerging trends, opportunities and challenges. The process, formalized following the Great Financial Crisis, has become one of the company's defining management practices.

"The process creates alignment," Murray said. "It gives our team members clarity about where we're going and helps ensure we're all moving toward the same goals." One result has been Ryan's commitment to diversification.

Ryan Companies provides development, architecture and engineering, construction, capital

markets, property management and real estate services from its fully integrated platform that spans multiple regions and product types, including industrial, healthcare, mission critical (data centers), multifamily housing, senior living, office, retail and mixed-use development.

The company has expanded geographically across the U.S. while developing sophisticated expertise in some of commercial real estate's most complex property types.

"Diversification has been a major advantage for us," Murray said. "That allows us to navigate downturns more effectively and take advantage of opportunities as they emerge."

Adapting Through Change

Adaptability is a skill set every commercial real estate developer must acquire to survive. Ryan's leaders believe adaptability begins with listening. "The other key is staying close to our clients," Murray said. "During COVID, we spent a great deal of time talking with our best clients about the challenges they were facing and how we could help them navigate through that period."

That approach has helped Ryan identify opportunities that

might otherwise have been missed. Mike Ryan pointed to the company's growth in data centers as an example. "We didn't decide one day to become data center builders and developers. Our clients asked us to go there with them," he said.

The company has repeatedly followed clients into new markets, new sectors and new opportunities. That approach "has served us well throughout our history," Mike Ryan said.

Adaptability also means responding to challenges that sometimes have little to do with real estate. Earlier this year, for example, Ryan found itself preparing employees and jobsites for potential U.S. Immigration and Customs Enforcement (ICE) activity in Minneapolis.

The issue required a thoughtful and measured response. "The Twin Cities has been through a lot over the last several years," Murray said. "One of our core values is safety, [which] includes both physical and mental well-being."

Ryan Companies developed protocols, training programs and legal resources to help employees understand their rights and responsibilities. "Our role wasn't to take sides,"



One of the hallmarks of Highland Bridge is its innovative stormwater infrastructure, including a central water feature that serves as a public recreational space.



Diversification has been a major advantage for us.

That allows us to
navigate downturns
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emerge."

Brian Murray, CEO,
Ryan Companies

Murray said. "It was to provide resources, support our employees and make sure we stayed true to our values."

Throughout its history, Ryan has demonstrated an ability to adapt to changing conditions without abandoning its principles. That combination of flexibility and consistency may be one of the company's greatest strengths.

Impact in Action

For Ryan Companies, development has never been about just creating buildings. The phrase the company uses to describe its philosophy — "Ryan Impact" — captures a broader view of what commercial real estate can accomplish.

"It's multilayered," Carson said. "We're builders, but the impact of buildings is much broader than construction. It's about strengthening communities, helping customers succeed, developing our people, giving back, creating great places and being responsible environmental stewards. It's taking a holistic view of our impact."

One of the six pillars of "impact" Ryan focuses on is building worth. For Mike Ryan, the concept comes down to people. "Last year, we estimate our work supported roughly 30,000 families," he said. "When you think about rent, groceries, education and everything else those jobs make possible, that's meaningful. Building worth means remembering that what we're doing is bigger than any individual project."

That philosophy can be seen throughout Ryan's portfolio, but perhaps nowhere more

clearly than in three developments that demonstrate the company's ability to combine business success with community impact.

Highland Bridge: Reimagining a Community

Of all the projects completed by Ryan Companies in recent years, Highland Bridge may best represent the company's vision of what development can accomplish. Located on the former site of Ford Motor Company's Highland Park assembly plant in St. Paul, Minnesota, Highland Bridge is today a thriving mixed-use community.

For nearly a century, Ford served as an economic anchor for the neighborhood. At its peak, the plant employed more than 2,000 workers. When it closed in 2011, it left behind not only a massive vacant property but also uncertainty about the surrounding community's future.

Ryan Companies recognized an opportunity. After securing development rights to the site, the company embarked on one of the most ambitious redevelopment projects in the region's history. "It's in our backyard, so that made it personal," Mike Ryan said. "The site carried enormous history. Ford helped build that neighborhood, and when the plant closed ... we had the opportunity to help create a new future for it."

The resulting development encompasses housing, healthcare, retail, office, senior living and public spaces. Approximately 3,100



VAYA on Axia, which uses a solar array to power 278 residential units in Chula Vista, California, is representative of Ryan's commitment to sustainable development.

residences are planned, with 20% designated as affordable housing.

The development also reconnects the neighborhood to the Mississippi River while creating a network of plazas, trails and community gathering spaces. More than 55 acres have been dedicated to open space, including parks, athletic fields and civic areas.

Stormwater infrastructure at Highland Bridge includes a combination of engineered and natural systems and is the heart of the 122-acre development. Stormwater is collected in a central water feature that serves as the spine of a vibrant public recreational space. Area water quality has been improved, as 94% of total suspended solids and 75% of phosphorus is captured. Combined with almost 3 acres of biofiltration, the overall system helps regulate the steady, predictable flow of clean water into Hidden Falls Regional Park and the Mississippi River.

Oracle Campus: Building a Technology Hub

If Highland Bridge showcases Ryan's community-building capabilities, Oracle's campus in Austin, Texas, highlights Ryan's ability to execute complex, high-profile corporate developments. Completed in 2018, the 560,000-square-foot waterfront campus has become one of Austin's most recognizable corporate facilities.

The project represented far more than a traditional office development. For Oracle, the

campus was intended to support a rapidly growing workforce while creating an environment that would attract and retain top talent. For Austin, it would reinforce the city's emergence as a premier U.S. technology center. The development took on increased significance when Oracle relocated its corporate headquarters from Silicon Valley to Austin in 2020.

Ryan served as both developer and builder, integrating multiple disciplines throughout planning and construction. "It was an extremely high-profile project that required extraordinary coordination and communication," Carson said.

One challenge stemmed from the pace at which Oracle operates. "Oracle moves at incredible speed," she said. "Construction doesn't always move at that pace. The challenge was staying nimble while remaining grounded in the fundamentals of development and construction."

The campus was designed to foster creativity, collaboration and employee well-being.

Large floor plates, abundant natural light and ample connections to outdoor spaces create an environment that feels distinctly different from traditional office buildings.

Amenities include wellness facilities, fitness centers, cafes, and outdoor gathering spaces overlooking the water. "You can't be flexible without having a solid foundation," Carson said. "That project reinforced the importance of communication, discipline and teamwork."

Pullman Crossings: Development as Economic Opportunity

On Chicago's South Side, Pullman Crossings tells a different story. Rather than serving as a mixed-use neighborhood or corporate headquarters, Pullman Crossings illustrates how industrial development can become a catalyst for economic revitalization. Developed in partnership with Chicago Neighborhood Initiatives, the project transformed a 62-acre vacant site into a modern industrial park designed to attract



Pullman Crossings transformed a vacant site on Chicago's South Side into a modern industrial park and catalyst for economic revitalization.



Ryan team members put the company's core value of stewardship into motion across the country.

The impact of buildings is much broader than construction. It's about strengthening communities, helping customers succeed, developing our people, giving back, creating great places and being responsible environmental stewards. It's taking a holistic view of our impact."

*Molly Ryan Carson,
Southwest Region president,
Ryan Companies*

major employers and create jobs in a historically underserved area. The development was among the first major projects in the region to utilize the federal opportunity zone program.

Today, companies such as Whole Foods, Amazon and SC Johnson operate within the development, bringing new investment and employment opportunities to the neighborhood.

For Mike Ryan, the project's importance is measured less by square footage than by opportunity, such as the approximately 600 jobs it has created. "It's fundamentally a jobs story," he said. "The goodwill generated in the community has been extraordinary."

He also points to the impact on Ryan's own employees. "It became a tremendous learning opportunity. Projects like Pullman create pride, challenge people professionally and give them a chance to work on something genuinely impactful."

Innovation

Commercial real estate has not historically been known for rapid innovation, Murray pointed out. "But we're seeing that change today in the industry. [Ryan] is making significant investments in artificial intelligence, computational design and data-driven decision-making tools. Those technologies are already helping our architects, engineers, developers and construction professionals evaluate alternatives more quickly, improve forecasting and make better-informed decisions."

Ryan doesn't view technology as a replacement for people. Rather, it regards technology as a tool that allows people to spend more time doing what they do best. "Our industry already faces workforce shortages," Murray said. "AI helps augment the expertise of our people by reducing repetitive

work and allowing them to focus on higher-value activities like client relationships, strategic thinking and problem-solving."

Leading the Sustainability Conversation

Few issues are reshaping commercial real estate more profoundly than sustainability. For Ryan Companies, sustainability has become a core business strategy. In 2022, the company committed to achieving net-zero Scope 1, 2 and 3 greenhouse gas emissions by 2040 — fully 10 years ahead of the timeline established under the Paris Agreement. The commitment was ambitious by any measure.

"We believe we have a responsibility to our clients, our employees and future generations," Murray said. "We also see sustainability as a competitive advantage."

That dual perspective — doing the right thing while creating business value — has become central to Ryan's approach. "I think the discussion [in the industry around sustainability] is shifting from cost to value," Murray said.

Building owners increasingly recognize that energy-efficient buildings can reduce operating costs, attract tenants, improve resilience and strengthen long-term asset values. Ryan's sustainability initiatives now extend across virtually every aspect of the company.

The firm has delivered highly efficient multifamily developments powered by renewable energy, completed innovative life sciences facilities designed around aggressive environmental performance standards, and renovated office buildings to achieve net-zero operations.

One project Ryan points to with pride is VAYA on Axia, a multifamily development in Chula Vista, California, that uses an 816-kilowatt solar



Ryan team members regularly volunteer to support local organizations, demonstrating hands-on commitment to the communities where they live and work.



Ryan Companies' legacy of integrity and hard work dates back to its beginnings as a family-owned lumber and coal business in 1938.

array to power all 278 residential units through a virtual net metering platform. By serving as the on-site energy provider, the property delivers clean electricity to residents at rates below the local utility, reducing utility costs and improving long-term energy resilience. The system is projected to generate \$95 per unit per month in net operating income, creating a strong recurring revenue stream for ownership. This approach enhances asset value while lowering tenant expenses, demonstrating a replicable model for financially resilient, sustainability-driven multifamily development.

Beyond its own portfolio, Ryan has worked to advance sustainability practices throughout the industry. The company played a leadership role in developing the AGC Playbook on Decarbonization and Carbon Reporting in the Construction Industry, a resource from the Associated General Contractors of America to help measure and reduce project-related emissions.

Ryan also helped create From Vulnerability to Value, a climate resilience framework that provides practical guidance for developers, investors and owners seeking to address climate-related risks.

Another initiative brought Ryan together with organizations including The Nature Conservancy, AWS, Google and

Bath & Body Works to improve watershed health throughout central Ohio.

For Mike Ryan, these efforts reflect a simple reality: "Many of our employees care passionately about sustainability, and many of our clients expect leadership in that area. We're builders. We know development impacts the environment. That creates an obligation to be proactive and responsible."

Giving Back

Ryan's commitment to stewardship extends beyond its projects. Community involvement has been woven into the company's identity for generations. Each year, Ryan contributes 5% of pretax earnings to charitable and community initiatives. In 2025 alone, those contributions totaled approximately \$7.7 million and supported more than 600 unique charities.

The company's philanthropic efforts focus primarily on wellness, shelter and education. Employees receive paid volunteer time and regularly contribute thousands of hours of service to organizations throughout the communities where Ryan operates. "Stewardship is one of our core values, and philanthropy is an extension of that," Murray emphasized.

The annual RyanGivesBack campaign has become one of the company's signature initiatives. In 2025, employees and company leaders helped raise

nearly \$1 million for charitable causes. Yet Ryan's leaders emphasize that philanthropy should go beyond writing checks. Its architects, engineers, construction managers and development team members frequently donate professional expertise to nonprofit organizations that otherwise might not have access to those services. "It's about more than donations," Murray said. "It's about making communities healthier, stronger and more vibrant."

Looking Ahead

As Ryan Companies approaches its 90th anniversary, its leaders are optimistic about the future of both the company and the industry. Murray sees significant opportunities in manufacturing, logistics, housing, sustainability and technology. At the same time, challenges remain. Geopolitical uncertainty, economic volatility, workforce development and rapidly changing technologies will require companies to remain agile and adaptable.

If Ryan's founders could see the company today, its scale would likely amaze them. Mike Ryan believes, however, that what the founders would still ask about are the people the company impacts: "Are employees fulfilled? Do they feel part of something bigger than a job? Are we making communities better?"

He related a story that helps illuminate why those questions remain central to Ryan Companies nearly nine decades after its founding: "I had the opportunity to walk through our offices with my Great-Uncle Fran on his 73rd work anniversary. He was 97 years old. ... He stopped at desk after desk asking about people's spouses, children and even their dogs. He didn't know every detail about everyone, but he knew something about everyone. That left a huge impression on me."

That "people first" philosophy continues to guide Ryan Companies and helps explain why it was named 2026 Developer of the Year. ■

Ron Derven is a contributing editor to Development magazine.

Creating an Urban Village on Denver's Edge



An aerial rendering of how Belleview Station could appear at final buildout.



At a Glance

The expansion of Denver's light rail system spurred the development of Belleview Station's city-meets-suburb vision.

FRLD's cooperative planning approach emphasizes walkability, shared amenities and long-term mixed-use growth.

Full buildout could reach 2.5 million square feet of office space, 3,000 residential units and 185,000 square feet of retail.

Bellevue Station's mix of transit, retail, offices and residences introduces city pleasures to Denver's affluent suburbs.

By John Hintze

The Bansbach family, as Colorado pioneers who founded a large wheat farm in the late 1800s, likely didn't foresee a portion of their land eventually becoming an urban get-away on the periphery of Denver. Change began in the 1960s, when a later generation leased a portion of the land to the developers of Paradise Valley Country Club. Following the club's bankruptcy, the family operated the land for the next 20 years as a public golf course.

Stronger winds of change arrived in 1999 when Denver voters approved bonds to fund the Transportation Expansion Project, a multibillion-dollar infrastructure and highway improvement plan known as T-REX that also included 19

miles of light rail and 13 new transit stations. Soon after, Denver's director of community planning and development approached the Bansbach family about rezoning their 52-acre site, 12 miles outside of downtown Denver, into a densely populated, mixed-use project on one of the light rail's stops. Thus emerged Bellevue Station.

The Bansbachs created Front Range Land & Development (FRLD) to be the master developer of the project, and the city of Denver approved its general development plan that created a flexible framework for the overall project. As master developer, FRLD has designed, built and maintained the infrastructure of Bellevue Station while selling portions of the property to select commercial developers to build a mix of office, residential, retail and hospitality properties.

"Once a proposed building receives approval from Denver and is basically shovel ready, we sell the land to the developer and they take it from there," explained **Brooke Bansbach Maloy**, vice president of FRLD and the sixth generation of the family to own and operate the land.

Courtesy of Gensler



FRLD has thus far sold approximately 40% of Bellevue Station's parcels to other developers.

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Our Architectural Control Committee has a whole set of design criteria aiming to support pedestrian engagement throughout these designated shopping streets."

*Brooke Bansbach Maloy,
vice president,
Front Range Land & Development*

Establishing Residential, Retail and Office

FRLD has so far sold approximately 40% of Bellevue Station's land parcels to other developers. The site's first project, comprising 350 residential units on 3.5 acres of land, was scheduled to close in 2008, but the Great Recession delayed those plans. FRLD pushed forward on the project in 2012 with a new developer, Holland Residential, that it later tapped again to build 325 apartment units on an adjacent 3.3 acres.

Those projects each provide approximately 35,000 square feet of ground floor retail space. They also helped establish Bellevue Station's main retail corridor, South Newport Street between East Bellevue Avenue and Layton Avenue, which connects to the light rail station two blocks away.

"Our Architectural Control Committee has a whole set of design criteria aiming to support pedestrian engagement throughout these designated shopping streets," Maloy said.

One of the key advantages to densely populated cities such as New York and San Francisco is the array of amenities within walking distance, avoiding the need to drive from place to place and find parking along the way. To replicate that

environment, Bellevue Station sought to attract a mix of restaurants and other retail businesses, which were developed in conjunction with the first residential projects.

The strategy appealed to Western Union, which wanted to move its corporate headquarters from the nearby Denver Tech Center, an office park first established in the 1960s. "They were looking for something adjacent to the Tech Center that was walkable, with easy access to restaurants and other amenities," Maloy said.

Western Union takes up the top five floors of 15-story One Bellevue Station, where it also operates a retail store and innovation lab on the first floor. One Bellevue Station was the first office tower approved by FRLD. Construction on the building began in July 2015 and was completed two years later by Prime West, a commercial real estate development, investment and management company. The 318,000-square-foot Class AA building includes 18,000 square feet of retail space that houses a Charles Schwab branch and Ruth's Chris Steakhouse.

Denver-based Prime West was also chosen to build Bellevue Station's second office tower, 6900 Layton, completed in 2020. The 16-story, 385,000-square-foot Class AA building is located a few hundred feet from the light rail station and



Tapping into previously undeveloped portions of the site, Bellevue Station experimented with establishing a dog park and a beer garden to help foster community. Their popularity ensures a place for both amenities in the completed development.

houses the headquarters of Newmont Mining. This office tower was the first floor-to-ceiling glass curtain wall building in the Denver suburbs.

In 2023, the Weitz Company completed the Vectra Bank Corporate Center, a nine-story mixed-use building measuring approximately 127,000 square feet.

On top of the amenities that Bellevue Station features within a short walk, Prime West's office buildings offer tenants an array of indoor amenities. These include a gym, a bike room, a large communal conference room and an oversized lobby that provides employees an alternative space to work.

Another attraction, especially at Prime West's all-glass office building and the development's other high-rise projects, such as the Kimpton Claret Hotel, is simply the surrounding view.

"We have incredible views of the Rocky Mountains and downtown Denver," said **Jim Neenan**, CEO of Prime West.

Progress Report

Bellevue Station currently offers more than 800,000 square feet of office space, of which 98% is leased, and more than 900 apartment residential units, with another 634 units under construction. The development's 100,000 square feet

of retail space is 93% leased, and the Kimpton Claret Hotel, completed in July 2024, provides 190 guest rooms in a luxury boutique setting. All the buildings are LEED certified, which is an important designation for owners, Maloy said.

At Bellevue Station's completion — anticipated over the next decade, according to Maloy — FRLD envisions a total of 2.5 million square feet of office space, 3,000 residential units, approximately 185,000 square feet of retail and potentially a second high-end hotel.

The office sector remains challenging nationwide, even for gateway cities such as Denver. Prime West, which has developed commercial, healthcare, residential and industrial properties since 1981, constructed One Bellevue Station when the office market was recovering from the Great Recession, with Goldman Sachs

as its financial partner. With the help of real estate services firm Cushman & Wakefield, the building was soon 100% leased and sold to Ramrock Real Estate LLC for approximately \$152 million.

"One Bellevue Station was the first 100% spec building developed in this market during that period. We couldn't do that today and get the financing," Neenan said.

The developer completed its second Bellevue Station office tower just as the COVID-19 pandemic was dramatically altering office market dynamics. Prime West has yet to sell the property, which is currently 100% leased and provides strong cash flow, Neenan said.

Prime West has completed concept drawings for a third office tower and is in active conversations with potential tenants, Neenan said. He added that prior to the pandemic,



Bellevue Station provides the environment and conveniences of densely populated metropolitan blocks, with street-level shopping and a wide variety of eateries within easy walking distance.

Bellevue Station currently offers more than 800,000 square feet of office space, of which 98% is leased, and more than 900 apartment residential units, with another 634 units under construction. The development's 100,000 square feet of retail space is 93% leased.

no more than 40% to 50% of an office building needed to be preleased for financial partners to feel comfortable, and sometimes preleasing was unnecessary. Today, between 60% and 80% must be leased up front.

"All financial partners require it, whether equity or debt, to reduce their risk profiles," Neenan said.

A Vibe Between City and Suburb

New to the high-rise multifamily sector, Prime West teamed up with Trammell Crow Residential and in 2023 completed One7 at Bellevue Station, a 17-story tower that offers 250 luxury units ranging from studios to three-bedroom apartments. Last year, PCP Voyager broke ground on the first of two 20-story towers that will introduce another 600 residential units as well as an amenity deck on top of the parking garage that will include a pool, hot tub and outdoor kitchen.

Still on the drawing board, Prime West is planning a condominium tower that will provide units aimed at young professionals as well as empty nesters looking to downsize.

"We think that's the sweet spot," said **Tim Schlichting**, president and partner at Prime West, who added that the condos may also appeal to people from outside the state looking for a second home between Denver and the Rocky Mountains.

The apartment towers are drawing a wider mix of tenants, including young professionals, sometimes with families, and those commuting to downtown Denver but preferring to live in the suburbs.

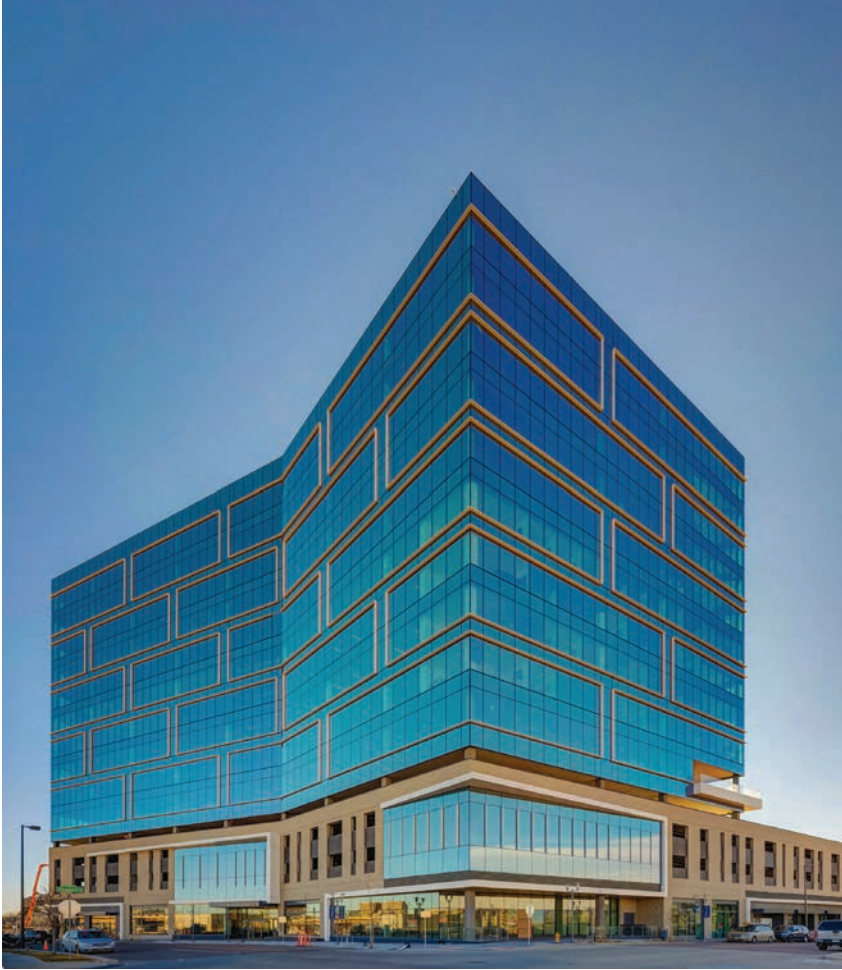
In fact, Bellevue Station offers an environment that is somewhere in between. While densely populated itself, just outside the development are numerous bike and pedestrian trails leading to local green spaces and parks, such as nearby Cherry Creek State Park. Inside Bellevue Station, FRLD has set up the Architectural Control Committee to ensure buildings and materials adhere to specified standards. FRLD also works closely with the property owners to identify a successful mix of retail stores.

"We [want to ensure] they're not chasing the same types of tenants," Maloy said.

Pursuing a Cooperative Vision

New building owners must comply with the same standards set out in lease covenants. Neenan said FRLD participates in the discussions that building owners have with potential retail tenants.

"Everyone has to accept the view that we're trying to create the best environment in [Bellevue Station] rather than simply filling up spaces. It requires people to work cooperatively," Neenan said.



Prime West's 6900 Layton was the second office tower developed in Belleview Station and the first floor-to-ceiling glass curtain wall building in the Denver suburbs.

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Everyone has to accept the view that **we're trying to create the best environment in [Belleview Station] rather than simply filling up spaces.** It requires people to work cooperatively."

*Jim Neenan, CEO,
Prime West*

The development offers a variety of upscale restaurants, casual eateries and bars, and breakfast and sandwich shops. Among the local noteworthy chef-driven concepts are Ambli Global, Le French and El Tule. The A Line Boutique, a personal styling and retail brand for women, moved its flagship store to Belleview Station in 2018, and FRLD wants to add more soft-goods retailers, such as a men's clothing boutique or smaller gift stores. The community also include fitness studios, a nail spa and a veterinary clinic.

Retail service providers in Belleview Station are required to devote the first 20% of their spaces to retail sales, Maloy said, and while a couple of large grocery stores are within a few miles of the development, FRLD is scouting for a small grocer that also offers hot foods to locate within Belleview Station.

"Front Range is very purposeful about requiring ground floor retail in certain locations within the project," Neenan said.

To foster cooperation among property owners, FRLD holds monthly meetings to discuss topics ranging from new retailers scheduled to open, to security issues, to snow removal effectiveness. And to help build a sense of community, FRLD worked with the development's metropolitan districts and the Belleview Station Master Property

Density in Belleview Station

- **Number of residents: 1,400**
(with 634 additional residential units under construction)
- **Number of office workers: 1,800 daily on average**
- **Number of retail employees: 378**

Association to identify undeveloped parcels of land to turn into public spaces. These include a dog park, a nature trail that connects to nearby residential communities, and a beer garden that hosts community events.

The goal is to encourage residents and office workers alike to walk in Belleview Station and take advantage of what's available rather than parking in a garage and going straight to their apartments or offices.

"The dog park and beer garden started off as experiments to see if they would provide a valuable public purpose and amenity for the district, and we know now that both should be incorporated into the project's final buildout," Maloy said. "We also look forward to creating some sort of pedestrian plaza near the light rail."



Prime West's office buildings in Bellevue Station offer a variety of indoor amenities, including alternative spaces where tenants can work and relax.

Development of Bellevue Station started along a major traffic corridor where tenants gained exposure to thousands of cars passing by daily. FRLD has viewed those commuters as key to the project's development from the start, even though they may not live or work in Bellevue Station.

FRLD and the Bellevue Station Master Property Owners Association have sought to emphasize the pedestrian experience, identifying shopping streets with gray brick pavers and lush planters that provide a barrier between streets and pedestrian zones. Even the lighting on those streets differs somewhat, and restaurants' outdoor seating spills out onto the sidewalk.

Financial Matters

Capital expenses, the maintenance of public areas and other general operating expenses for Bellevue Station are funded by mills — a property tax of \$1 for every \$1,000 of assessed value. The tax is imposed by Bellevue Station's three metropolitan districts, which are quasi-governmental agencies controlled by elected boards representing residents and landowners. The mills revenue is also used to pay down the \$48.3 million in outstanding tax-exempt loans provided by Zions Bank, which FRLD anticipates paying off fully by 2052.

"We originally issued bonds but used the favorable interest rates in 2020 and 2021 to pay those off and moved to bank loans," Maloy said. "If we need additional funds to pay for large infrastructure projects, we will explore both options and go with whatever is most favorable for the district."

Development of Bellevue Station started along East Bellevue Avenue, a major traffic corridor where tenants gained exposure to thousands of cars passing by daily. FRLD has viewed those commuters as key to the project's development from the start, even though they may not live or work in Bellevue Station. The nearby neighborhoods of Cherry Hills Village and Greenwood Village, to Bellevue Station's south and west, provide an affluent customer base for the development's retail stores and restaurants. That in turn attracts more businesses and residents, spurring future growth.

To accommodate those visitors, FRLD created the Bellevue Station Public Improvement Company (PIC), which manages an innovative shared parking plan. Parking is free for up to three hours across all six garages and a temporary surface lot, and PIC sets uniform visitor parking rates across Bellevue Station. PIC also helps manage parking demand by renting out resident parking during the day and office parking in the evening, enabling adequate parking for retail customers without having to build extra parking lots.

"The system has worked well and saved developers hundreds of thousands of dollars by reducing their parking count," Maloy said.



One7 at Bellevue Station, a 250-unit high-rise luxury apartment building that Prime West co-developed with Trammell Crow Residential.

Each building in Bellevue Station has its own attached parking garage. Another innovative aspect, Neenan said, is that the districts can lease any unused spaces and re-lease them to other tenants in the development. So an office building can generate revenue from unused spaces and then regain control of them if needed following a 30-day notice.

"It incents us to not overbuild or underbuild the garage," Neenan said.

Looking Ahead

FRLD is currently considering a project at the property most removed from the light rail station and the development's active core, as well as what to do with a parcel next to the station, which Maloy anticipates being a marquee addition. It is also pursuing developments on the western edge of Bellevue Station.

"The only parameter we have for future developments," Maloy said, "is not pursuing two projects simultaneously so that when they come to market, they compete against each other." ■

John Hintze is a freelance writer in Newark, New Jersey.

The CREDA Conference in Denver

Denver is playing host to the CREDA Conference this fall, Oct. 5-7. The conference's dynamic new format will feature an expansive slate of sessions via four tracks:

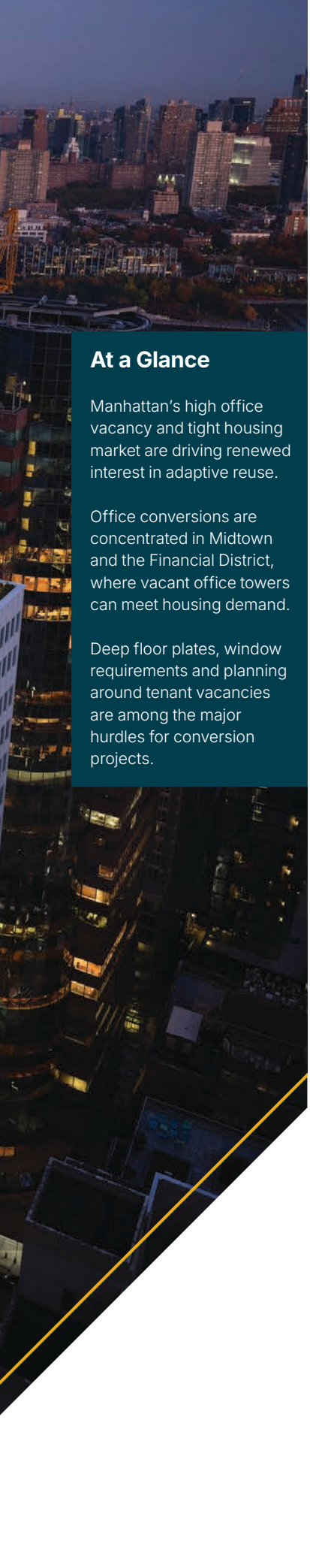
- **Industrial**
(powered by CREDA's industry-leading I.CON Central)
- **Mixed-use/Office**
- **Multifamily**
- **Tech** *(presented by conference partner CREtech)*

Plus, local project tours will allow participants to go behind the scenes and meet the teams behind iconic developments in Denver and the Rocky Mountain region.

Visit credaglobal.org/conference to learn more.

Turning Office Vacancy Into Housing

Among the new residential-friendly amenities at Pearl House are a terrace that wraps around the 28th floor of the building, where coworking and event space are located.



At a Glance

Manhattan's high office vacancy and tight housing market are driving renewed interest in adaptive reuse.

Office conversions are concentrated in Midtown and the Financial District, where vacant office towers can meet housing demand.

Deep floor plates, window requirements and planning around tenant vacancies are among the major hurdles for conversion projects.

■ New zoning rules and tax incentives are helping to fuel a new wave of office-to-residential conversions in New York City.

By Eric Newstrom

As commercial real estate professionals are well aware, the COVID-19 pandemic substantially transformed how and where many people work. From 2019 to 2023, the number of Americans working remotely on a full-time or part-time basis more than doubled, and between 2016 and 2022, Canadians working mostly from home rose from 7% to 24%. While the trend has flattened out in the U.S. and began to reverse in Canada (17.4% of Canadian workers were remote as of May 2025), the pandemic's impact on the commercial real estate market in many major North American cities is ongoing.

New York City offers a prime example. A March 2025 survey by the Partnership for New York

City found that 57% of Manhattan office workers came in on an average workday — approximately 76% of pre-pandemic attendance. Through the first quarter of 2026, the office vacancy rate in Manhattan stood at almost 20%. According to one estimate, New York City's vacant office space equates to more than \$7.6 billion in lost rent per year, more than triple the U.S. city with the next highest value of unused office space, Los Angeles.

At the same time, Manhattan's residential vacancy rate fell to 1.55% in April, and its median rent rose to an all-time high of \$5,099. City and state lawmakers have made several moves in recent years to boost New York City's housing production, but demand still outpaces supply.

This need for more housing presents a potential opportunity for commercial real estate developers and investors struggling to fill their empty offices: Turn them into apartments.

The market appears to be responding. Office-to-residential conversions are not a new concept in the city, but spurred by new, more flexible zoning rules, these projects are reaching new

Robert Deichtler, courtesy of Gensler



Vanborton Group initially planned to maintain 160 Water St. as an office property but identified it as a good candidate for conversion to a residential building, Pearl House, during the pandemic.

Manhattan's residential vacancy rate fell to 1.55% in April, and its median rent rose to an all-time high of \$5,099. City and state lawmakers have made several moves in recent years to boost New York City's housing production, but demand still outpaces supply.

heights. Thirty-one office-to-residential conversions are expected in 2026, 13 more than the year prior and more than three times the conversions completed in 2024.

Where Office Conversions Are Taking Place

Most office conversions are happening in Midtown and the Financial District, Manhattan's two office hubs.

In Midtown East, SL Green Realty Corp. has filed plans to convert a 35-story tower into 680 residential units. Not far away, Pfizer's former headquarters is being turned into 1,600 rental apartments by Metro Loft Development and David Werner Real Estate Investments. (The Pfizer conversion, one of the largest ever planned in the United States, was put on hold July 7 after two support beams buckled, causing several of the upper floors to sag; workers and residents of several nearby buildings were evacuated.)

In FiDi, GFP Real Estate has opened two buildings to residential tenants in the past two years, SoMa on 25 Water St. and Wrey on 222 Broadway, yielding more than 2,000 new units.

Vanborton Group, a real estate investment firm with both residential and commercial buildings in its portfolio, is behind several recent or ongoing office-to-residential conversions. One of them is Pearl House on 160 Water St. Built in 1972, the 24-story, 533,000-square-foot office building was converted in 2023 to a 30-floor residential building with 588 apartment units. The units are a mix of studios, one-bedrooms and two-bedrooms.

Robert Deichtler, courtesy of Gensler



Pearl House is a 30-floor residential building with 588 apartment units.

A terrace on the 28th floor wraps around the building, encircling a coworking and event space. In the cellar, tenants have access to a gym, whirlpool spas and a two-lane bowling alley, among other amenities.

A Good Candidate for Residential Conversion

When Vanbarton acquired Pearl House in 2014, the plan was to keep it an office building, but when the pandemic hit, the firm reevaluated, said **Malek Hajar**, senior project manager of development at Vanbarton.

"What made it a great candidate [for conversion] is the light and air on three sides of the building. And it's a rectangle all the way up, so it allowed for nice layouts and good floor plates," he said.

Air and light are key

components in evaluating whether an office building is suitable to convert into residential units. New York City has strict requirements for windows in habitable spaces; no similar rules exist for office buildings, and many — especially those built in the second half of the 20th century — have floor plates too deep to allow light into the center.

Pearl House shares its block with only one other building (180 Water St., another of Vanbarton's office-to-residential conversions), which means it receives light from all but one side. Still, the floor plate was too deep for the center to be usable for apartments. But because the core of the building was offset, Vanbarton Group and its design partner Gensler were able to create blind shafts in the center of the building, removing the floor area there and adding it to the middle (where there had previously been two floors of mechanical space) and top of the building. Because the floor area ratio didn't change, zoning rules allowed for the floor space to be reallocated.

Encountering Challenges

Turning offices into apartments is often more complex than building from the ground up.

"You're dealing with existing conditions; every single day you're thrown a little curveball," said **Peter Wang**, design director and office developers leader at Gensler. Pearl House was the architecture firm's first office-to-residential conversion.

At Pearl House, raising the building's height required Gensler and Vanbarton to reinforce the structure for additional lateral loads. The solution involved adding lateral braces to every floor from the top of the building down to the foundation. Designing the apartments around this became a challenge.

"No one wants to walk into an apartment and bang their head on a diagonal brace, so we had to carefully plan the units on every single floor so that the demising walls would basically bury the lateral braces," Wang said.

Air and light are key components in evaluating whether an office building is suitable to convert into residential units. **New York City has strict requirements for windows in habitable spaces; no similar rules exist for office buildings, and many have floor plates too deep to allow light into the center.**



Pearl House represented architecture firm Gensler's first office-to-residential conversion.

The development team also had to replace the windows, both to be code compliant (habitable rooms must have operable windows) and to improve the building's energy efficiency. According to Gensler, 20,000 metric tons of carbon dioxide was saved thanks to the conversion.

Still, from a design standpoint, light remains the primary challenge for office-to-residential conversions. Wang has worked on projects

where a light well was created through the center of the building, allowing for additional units facing the courtyard. On another conversion, Gensler is carving a notch into the front of the building.

"The whole issue of deep floor plates and light is kind

of central to converting these buildings, and there are a number of strategies," said **Peter Bafitis**, managing principal at RKTB Architects. He added that the deep sections are "a good place for building amenities and the type of uses that are not residential but support the



A rendering of SoMa, an office-to-residential conversion from GFP Real Estate in Manhattan's Financial District.

residential use." In mixed-use buildings, the parts that don't receive natural light could be reserved for commercial use, he suggested.

Zoning and Vacancy

Picking the right office building to convert comes down to more than just design choices.

Brian Steinwurtzel, CEO and principal of GFP Development, a GFP Real Estate-affiliated development platform, highlighted two factors: No zoning changes must be required, and there must be a path to vacancy, meaning there are no office tenants, the tenants have natural expirations in their leases, or they are willing to move.

When GFP Real Estate converted Wrey, which opened to residential tenants this past spring, it still had several commercial tenants. Fashion giant Zara and banks Chase and

Santander operated out of the retail fronts, while companies like American Express and WeWork leased offices in the upper half of the building.

"We had to convert the bottom half of the building while the retail and the top half were occupied," Steinwurtzel said. By the end of 2025, all office tenants had vacated, and the top half is now under conversion.

Hajar said Vanbarton also phases its certificates of occupancy on office-to-residential conversions to allow for part of the building to open before construction is complete.

John Vavas, real estate finance lawyer with Polsinelli, has seen examples of developers and owners of commercial properties including a clause allowing them to unilaterally terminate the leases in case they want to convert the property's use. However, many opt to simply buy tenants out of their leases ahead of a conversion.

"Sometimes folks try to take the path of least resistance, and sometimes that involves just paying. But I definitely think having a contractual right to do something bolsters your ability to effectuate the conversion," Vavas said. If there are tenants whose leases aren't expiring or terminable, a buyout should be included in the budget, he added.

The appetite for lending capital to office-to-residential conversions is currently robust, according to John Vavas of Polsinelli. "If the deal makes sense on paper from an economics perspective, it's a good asset class," he said.



A rendering of Wrey on 222 Broadway.

Converting Pearl House from offices into apartments took about 30 months, according to Vanbarton Group's Malek Hajar, who added that a **ground-up project would likely have taken at least double that time.** Thus, office-to-residential conversions offer a relatively quick way to get new units on the market.

The Economics of Conversion

Ideally, Steinwurtzel said, the developer can acquire the office building at a discount to help the conversion project make sense financially. "There's a significant amount of money that needs to be invested into an office building to turn it into a residential building," Steinwurtzel said. It's a "very risky business," he added, which means lenders generally charge higher rates and equity investors require higher yields. "If you cannot provide that level of return on their investment ... then the project won't happen," he said.

Vanbarton secured a \$272.5 million loan to finance its conversion of Pearl House. Meanwhile, GFP Real Estate received a \$535.8 million loan to acquire and convert 25 Water St. into SoMa and \$288 million in construction financing to convert Wrey on 222 Broadway after acquiring the property for \$147 million.

The appetite for lending capital to office-to-residential conversions is currently robust, according to Vavas. "If the deal makes sense on paper from an economics perspective, it's a good asset class," he said.

Changes to New York City's zoning laws in recent years have made these conversions more lucrative investments. Most notably, "City of Yes" zoning provisions, passed in 2024, made office

properties built as late as 1990 eligible for conversion (previously the cutoff was 1961) while also relaxing restrictions for where conversions can happen and allowing for conversions into more kinds of housing. Developers are now also able to make their buildings denser, allowing more apartment units within the same property.

During his administration, Mayor **Eric Adams** established an Office Conversion Accelerator program, designed to speed up the conversion process.

In addition, New York state's 467-m tax incentive has been a boon for commercial real estate developers, providing real property tax exemptions for conversions of nonresidential properties if at least 25% of units are designated as affordable based on the area median income.

Hajar praised the 467-m program and cited City of Yes as

Units underway at the start of 2026 as a result of office/nonresidential-to-residential conversions:

New York: 16,358	Philadelphia: 2,697
Washington, D.C.: 8,479	Atlanta: 2,642
Chicago: 4,360	Calgary: 1,398
Los Angeles: 4,340	Montréal: 852
Dallas: 3,966	Ottawa: 518
Denver: 2,991	Toronto: 36

Note: Data from Canadian cities does not specify the original use of a unit, only whether it was residential or nonresidential. In Canada, hotels are the second most common type of property to be converted into residential.

Sources: RentCafe, CMHC (Canada Mortgage and Housing Corp.)

an important step toward mitigating the city's housing crisis. "We think that the more supply, the better the pricing can be," he said.

Impact on the City's Housing Crisis

The cheapest studio apartment available at Pearl House in June rented at \$4,150 per month; in a city where the median household income is \$79,713, the luxurious living of Pearl House and similar projects is solidly out of reach for millions of New Yorkers.

For those who can afford it, however, the location and amenities likely justify the price. In theory, they are also leaving their less expensive apartments available for lower-income residents to occupy.

The Brain Gain, a 2025 report from the Downtown Alliance, indicates that at least the first part of that theory is holding

true. Since 2012, the number of college graduates living within a 30-minute commute of Lower Manhattan has increased by 182,000, while the creative and professional workforce — which includes many who can afford higher rents — saw 22% growth within the 30-minute commute area.

"New York City has a substantial shortage of residential housing, and conversions are a great opportunity to start to eat into the supply that we need to create," Steinwurtzel said.

A 2015 study from the NYU Furman Center further found that in high-rent neighborhoods — like FiDi and Midtown — tax incentive programs that mandate affordable housing can "encourage the development of more affordable housing without any additional subsidy."

During her time as professor of practice at the New Jersey Institute of Technology, **Carrie Bobo** conducted a project investigating how office-to-residential conversions can create more equitably mixed housing. She noted the 467-m program mandates not just a certain number of affordable units but also that they are not isolated to a specific floor or area.

"Conversions provide a real opportunity to build really high-quality low-income and supportive housing mixed into higher-income buildings," she said.

Converting Pearl House from offices into apartments took about 30 months, according to Hajar, who added that a ground-up project would likely have taken at least double that time. Thus, office-to-residential conversions offer a relatively quick way to get new units on the market.

Adaptive Reuse as a Greener Solution

Bobo suggested office-to-residential conversions also offer an opportunity to lower the carbon footprint of the built environment. The buildings and construction sector accounts for over a third of global emissions, making adaptive reuse a much more environmentally friendly option than demolition.

"All the carbon that's stored in the frames and structures of these buildings is a big deal because they're [made] of concrete and steel," Bobo said. "As long as they sit where they are, their carbon cost is kind of preserved, but if you tear them down, that carbon cost is lost."

Old office buildings, whether occupied or vacant, also tend to be electricity gobblers. Adding insulation, upgrading to today's energy-efficient windows, and modernizing the building's mechanical, electrical and plumbing equipment can significantly decrease energy use.

Bafitis said office-to-residential conversions "plug into something even bigger in terms of a philosophical current in architectural thought and urbanism, [which is] that we really shouldn't be demolishing any buildings. We should try to work with buildings as they are. The demolition of a building is a supreme act, and it's fundamentally wasteful and unsustainable." ■

Eric Newstrom is a freelance journalist based in New York.

Lessons From a Mall-to-Mixed-use Conversion



At a Glance

Totem Lake demonstrates how housing can drive, not merely support, mixed-use placemaking.

Successful mall conversions rely on entitlement, infrastructure and municipal alignment before private development begins.

Flexible design is key to helping retail districts adapt as consumer preferences and market conditions shift.

To create a mixed-use district, the Village at Totem Lake was reimagined as a neighborhood organized around pedestrian movement and outdoor experience.



Chris Eden, courtesy of Carrier Johnson + Culture

■ Mall conversions are more likely to succeed when stakeholders treat them as opportunities for civic redevelopment, not simply retail repositioning.

By Claudia Escala, LEED AP, and Ben Gist, AIA,
Carrier Johnson + Culture

Across the United States, enclosed malls that anchored suburban life for decades are struggling. Anchor tenants have departed, foot traffic has collapsed, and the retail formats that once defined these properties have been largely disrupted by e-commerce and shifting consumer expectations. What remains in many cases are sprawling, underutilized sites: superblocks of asphalt and aging structures whose future role in the community is no longer clear.

At the same time, housing demand in many of these same communities has intensified. Residents increasingly prefer walkable, mixed-use neighborhoods where daily life — dining, shopping, recreation, community — happens on foot.

These two pressures together have made mall-to-mixed-use redevelopment one of the most discussed strategies in commercial real estate, yet the reality of executing these projects is far more complicated than the strategy sessions might suggest. They require long-horizon thinking,

public-private coordination and an integrated design approach that is fundamentally different from conventional retail repositioning. The projects that work treat this process as civic redevelopment. The ones that fail to take that approach routinely stall.

The Village at Totem Lake — a 21-acre, \$670 million transformation of a 1970s-era regional mall into a walkable mixed-use urban village in Kirkland, Washington — offers a detailed case study in what it takes to get this right and what happens when the wrong frame is applied for too long. The collaboration between Fairfield, on the residential



An aerial view of The Village at Totem Lake, a 21-acre, \$670 million transformation of a former enclosed mall into a mixed-use urban village outside of Seattle.

The challenges of mall-to-mixed-use redevelopment are well known in the abstract. **Superblock configurations, auto-oriented circulation, aging infrastructure and neighborhood disconnection are standard items on any risk list.** But the challenges that most reliably complicate a pro forma are less obvious.

side, and CenterCal Properties, on the retail side, produced a foundation that neither party could have built alone. Carrier Johnson + Culture served as architect for the North and Aspect communities within the development, while GBD Architects led the Bell community, and Architects Orange acted as master plan landscape architect.

A False Start and What It Reveals

Totem Lake's initial story was not one of successful redevelopment. In fact, its narrative involved a decade of stalled attempts.

The original Totem Lake Mall, an enclosed retail center built

in 1973, had been declining for years before a purchase in 2004 set the stage for redevelopment. The project became mired in litigation, however, and was then overtaken by the Great Recession. For the better part of a decade, the site sat largely empty, a significant piece of real estate in a growing Eastside Seattle community that simply wasn't working.

That false start reveals something important about how these projects fail. When a mall site is treated purely as a real estate transaction rather than as an opportunity for civic redevelopment, the complexity of the undertaking tends to overwhelm the deal structure. Entitlement risk, infrastructure

gaps, phasing challenges and the sheer scale of transformation required don't resolve themselves through market timing or tenant selection. They require a fundamentally different approach.

What ultimately unlocked Totem Lake was a shift in that frame. The city of Kirkland had long envisioned the site as the center of a larger urban district. A redevelopment agreement originally executed in 2006 — and later transferred to CenterCal after its acquisition of the property — authorized the city to commit up to \$15 million toward public infrastructure improvements and provided regulatory certainty through vested development approvals, allowing the project to adapt its program as market conditions evolved. That commitment included roadway reconstruction, new sidewalks, bicycle facilities, streetscape improvements, lighting and intersection upgrades throughout the district, particularly along Totem Lake Boulevard and NE 120th Avenue, as well as restoration of the adjacent 17-acre Totem Lake Park into a major public amenity. Kirkland also designated Totem Lake as one of its primary urban centers, adopted mixed-use zoning, increased allowable residential density and established design guidelines encouraging a pedestrian-oriented district rather than continued suburban retail development. That municipal groundwork was the precondition for everything that followed.

When redevelopment finally moved forward in 2015, it did so rapidly. The village that opened its first phase in 2017 — a walkable mixed-use district with housing, dining, retail, entertainment and public gathering spaces — emerged from a site that had been largely dormant for years. That speed was possible only because the underlying entitlement and planning work had already been done.

What Developers Consistently Underestimate

The challenges of mall-to-mixed-use redevelopment are well known in the abstract. Superblock configurations, auto-oriented circulation, aging infrastructure and neighborhood disconnection are standard items on any risk list. But the challenges that most reliably complicate a pro forma are less obvious, and Totem Lake illustrates several of them.

First, entitlement and municipal groundwork are preconditions, not steps in a process. A city's vision for a site, its zoning framework and

The Village at Totem Lake by the Numbers

Total project cost: ~\$670 million

Site area: ~21 acres (*within a 1.3-square-mile urban center*)

Residential: 852 apartment homes across three communities:

- **Bell:** 202 units (*31 studios, 149 one-bedroom, 22 two-bedroom*)
- **North:** 244 units (*1 studio, 144 one-bedroom, 99 two-bedroom*)
- **Aspect:** 406 units (*41 studios, 224 one-bedroom, 133 two-bedroom, 8 three-bedroom*)

Commercial: 330,000 square feet gross leasable area

Entertainment: 41,000 square feet, 8-auditorium movie theater

Parking: ~2,500 spaces across integrated structures

Public investment: ~\$15 million in city of Kirkland infrastructure

Master plan commenced: 2015

its infrastructure commitments often determine whether a project is viable. At Totem Lake, that groundwork had been laid over years by the city of Kirkland before private development could advance with confidence. Developers who underestimate this dependency often find themselves unable to unlock the value they underwrote.

Second, phasing around a still-operating mall is genuinely difficult. Even a declining mall typically has tenants with leases, parking obligations and access requirements that constrain the redevelopment sequence. The team at Totem Lake had to balance operational realities against long-term placemaking goals throughout the process, a tension that demanded close coordination between all parties.

Third, structured parking economics are fundamentally different from surface-lot math. Mall sites typically come with abundant surface parking that looks cost-free at first glance. But mixed-use density requires parking structures, and the cost per stall, the impact

on ground floor activation and the relationship to building footprints are entirely different from surface-lot assumptions. At Totem Lake, parking was consolidated into multiple integrated structures strategically distributed throughout the site, with limited surface and on-street parking preserved to activate the public realm. The roughly 2,500 total spaces — including EV-capable, EV-ready and EV-charging infrastructure — serve the project's full mix of uses without defining the pedestrian experience. Site and soil conditions made below-grade parking particularly costly, requiring significant investment in planning and construction to preserve an active ground-level environment.

The broader lesson holds across projects: Mall redevelopment succeeds when it is treated as urban redevelopment, not retail repositioning. The questions that matter most are not about tenant mix. Rather, they are about what kind of place is being built and what infrastructure, entitlement and design framework it will require.



The city of Kirkland took several steps that were pivotal to successful redevelopment, including designating Totem Lake as one of its primary urban centers, adopting mixed-use zoning and increasing allowable residential density.



One of the elements that made the development a success was the critical mass of both the residential and commercial uses, which created an environment that was attractive to both residents and visitors."

Brendan Hayes, senior vice president of development, Fairfield

Housing as the Engine, Not the Amenity

Perhaps the most important reframe in mall-to-mixed-use thinking is the role of residential. In many development narratives, housing is treated as an amenity — a component that adds population to the site and cross-subsidizes the retail. That framing understates what residential density actually does.

At Totem Lake, housing is the economic engine. The project's 852 apartment homes — spread across three communities — were not delivered all at once and then held while retail caught up. Instead, each phase

introduced new housing alongside new retail, restaurants and public space, so that a growing permanent population of residents continuously strengthened the business case for the next wave of commercial investment. Residents don't just add foot traffic during peak hours. They create consistent activity patterns that make a district feel alive, even on a weekday morning in the winter. That daily life is what distinguishes a place from a center.

This also reinforces a broader point: Housing is not the opposite of placemaking. It is how placemaking is realized. The communities that hold value and retain tenants through market cycles are, by and large, the ones where people actually live. Mixed-use districts that treat housing as civic infrastructure tend to outperform those that treat it as a line item.

"Fairfield was fortunate to have the opportunity



Carrier Johnson + Culture served as architect for both North and Aspect, two of the three residential communities within the Village at Totem Lake.

to partner with a strong retail-focused company in CenterCal that had a resume we believed reflected transformative and successful developments," said **Brendan Hayes**, senior vice president of development at Fairfield. "[It] was an opportunity to be part of a development that would completely reinvigorate a neighborhood of Kirkland and the Eastside. One of the elements that made the development a success was the critical mass of both the residential and commercial uses, which created an environment that was attractive to both residents and visitors. The years of up-front coordination on the design of the multiple uses from

both an aesthetic and operational standpoint were critical in the performance and popularity of The Village at Totem Lake."

Designing a Destination, Not a Center

The physical transformation of Totem Lake was built on a single premise: What happens between the buildings matters as much as what happens inside them.

The original mall was organized entirely around the automobile. Surface parking fields and isolated retail buildings defined the experience, with no particular reason to linger. To create a mixed-use district, the site had to be reimagined as a neighborhood organized around pedestrian movement, outdoor experience and the rhythms of daily life.



The Village at Totem Lake's 852 apartment homes are spread across three communities. During each new phase of development, new housing was introduced in alignment with new retail, restaurants and public space.



The project's success generated a halo effect that attracted additional residential investment and helped shape the broader Totem Lake neighborhood into a thriving urban center."

*Jean Paul Wardy, CEO,
CenterCal Properties*

The master plan established a network of streets, gathering spaces and pedestrian corridors designed to produce a clear sense of orientation and place. Major view corridors, pedestrian axes and public open spaces were aligned to create focal points and encourage movement through the development. These spaces became the organizing framework of the village, not leftover areas between buildings. The project's relationship to regional infrastructure, including the Cross Kirkland Corridor, a 5.75-mile corridor through the heart of the city, extended the walkable network well beyond the project's own boundaries.

Active streets, outdoor dining, walkable storefronts and carefully scaled streetscapes give people reasons to stay rather than pass through. Buildings and public spaces were also oriented to maximize natural light exposure and minimize undesirable shadowing, an important consideration in the Pacific Northwest, where daylight is a significant quality-of-life factor for much of the year. The result is a project that feels specific to its setting, which is itself a placemaking asset.

Programming has reinforced that sense of place over time. The central green and plaza were designed as flexible civic spaces capable of hosting the Rock the Village summer concert series, Village Fun Days, wine walks, holiday celebrations, outdoor fitness events and regular community gatherings, keeping the district active across different times of day and seasons and drawing residents and visitors well beyond shopping or dining.

Residential occupancy, dining, entertainment, services and retail each respond to different market conditions, and their combined presence creates a more stable economic foundation than any single use can provide on its own.

Community reception reflected the approach. While residents and stakeholders were attentive to building massing, material quality and the pedestrian experience, the conversation was less about whether density should occur and more about how it would be integrated. The design team's focus on a finer-grained, human-scaled environment helped make the case that growth could contribute positively to the character and livability of the area.

"Our vision for The Village at Totem Lake was to create a mixed-use destination that would serve as the heart of the community, and the results have exceeded expectations," said **Jean Paul Wardy**, CEO of CenterCal Properties. "The project's success generated a halo effect that attracted additional residential investment and helped shape the broader Totem Lake neighborhood into a thriving urban center. It's incredibly rewarding to see strong residential demand, highly leased retail and active public spaces all working together to create the kind of place people want to be every day."

Building for Resilience:

The Long View on Mixed-use Economics

Traditional enclosed malls are inherently fragile. Their performance is tied to anchor tenants and retail categories that have proved hard to sustain. When an anchor leaves or a category goes into decline, the impact spreads across the entire center. Mixed-use environments distribute risk across multiple demand generators. Residential occupancy, dining, entertainment, services and retail each respond to different market conditions, and their combined presence creates a more stable economic foundation than any single use can provide on its own.

Flexibility was built into Totem Lake from the start. Each retail suite, for instance, was planned with access to vertical building chases that allow kitchen exhaust to be vented directly to the roof — enabling spaces to transition from traditional retail to food-and-beverage uses without significant building modifications and while preserving the quality of the central green and public gathering spaces. That capacity for adaptation helps the project stay relevant as consumer preferences shift, and it was planned for rather than discovered after the fact.

Looking ahead, mixed-use districts will likely become even more flexible. The post-pandemic market has demonstrated that office demand

can fluctuate significantly, while housing remains a consistent source of activity. Hotels continue to play an important role in urban centers by supporting tourism, business travel and regional events, but they are most successful when integrated into an already vibrant neighborhood rather than expected to generate that vibrancy on their own.

While detailed occupancy data is largely proprietary, retail at The Village at Totem Lake is currently 95% leased. More than five years after the first phase opened, CenterCal continues to announce new tenants and seasonal programming, illustrating the project's ability to adapt and maintain market relevance rather than depending on a handful of traditional anchor tenants.

The most resilient mixed-use environments are those that can change over time without losing their sense of place. By maintaining a diverse mix of uses and experiences, Totem Lake is less dependent on the performance of any single market segment and better positioned to evolve alongside shifting economic and demographic conditions. Getting there required patience and a shared vision among ownership, developers, designers and the city — a critical element that was absent during the site's decade of stalled development.

Lessons for the Next Generation of Mall Redevelopment

Not every struggling mall is a viable candidate for this kind of transformation. Site viability depends on strong regional access, favorable demographics, significant housing demand,

a footprint large enough to support multiple uses and, critically, municipal support and an established planning framework. The most promising candidates are sites that can grow into civic and economic centers for their communities, not just better-performing retail.

For those sites, the lessons from Totem Lake are worth taking seriously:

- Treat entitlement as a precondition, not a process step.
- Frame housing as civic infrastructure, not a supporting use.
- Invest in the public realm from the start because the quality of pedestrian frameworks, open spaces and gathering areas has a direct effect on leasing performance, residential demand and long-term value.
- Build flexibility into the program before breaking ground.

The national inventory of underperforming retail assets is not going to stabilize on its own. Communities that find a way to convert those properties into genuine civic and economic assets — walkable and housing-rich places that support daily life rather than periodic shopping trips — will be in a stronger position for the next generation of suburban growth. Totem Lake is one proof point that it can be done. The work now is in applying its lessons more broadly. ■

Claudia Escala, LEED AP, is president of Carrier Johnson + Culture. **Ben Gist**, AIA, is managing principal of Carrier Johnson + Culture's Seattle office.

Power Is Canada's Next Development Constraint

The solution requires more investment in generation, transmission and distribution, in combination with smarter demand management.

By Peter R.J. Mills, Wyse Meter Solutions

At a Commercial Real Estate Development Association webinar this past summer on Canada's electricity challenge, energy expert **Marc Brouillette** delivered a clear message for the development industry: Electricity capacity is now a growth issue.

For years, the industry has focused on familiar barriers of land, approvals, labor, materials, capital and municipal infrastructure. Electricity now belongs on that list.

As Brouillette, principal at Strategic Policy Economics, outlined in his presentation, governments are already planning for a major buildout of the Canadian electricity system. New investments in nuclear, natural gas, hydro, transmission and distribution will be central to supporting electrification and economic expansion.

The scale of that challenge is significant. Canada is expected to need at least double its current electricity system capacity over the coming decades. The bigger concern, however, is that doubling capacity may still leave Canada short.

Canada's appetite for electricity is being driven by economic growth. The rise of AI and data centers, expanding industries, new housing, a growing population, decarbonization and major infrastructure projects are all placing new demands on the grid. Together, these pressures could require Canada to build up to three times its current electricity capacity by 2050. Ontario and Alberta are



Transmission towers near the Trans-Canada Highway in British Columbia's Fraser Valley.

expected to experience some of the fastest growth.

Feeling the Pinch

Many developers are already painfully aware of this issue.

Across parts of the Greater Toronto Area, available distribution capacity is increasingly constrained. Ontario's grid capacity mapping shows large areas where there is little room to accommodate new electrical connections without upgrades. Increasingly, access to electricity is determining what gets built, where and when. A project may have the ideal location and strong economics, but without sufficient power, it can stall before construction even begins.

Ottawa offers another warning sign. Hydro Ottawa has said that by the end of this year, total grid connection requests from large-scale projects in the city could exceed the average power use of all homes and businesses in Ottawa.

Together, these pressures could require Canada to build up to three times its current electricity capacity by 2050. Ontario and Alberta are expected to experience some of the fastest growth.

That should get the attention of every developer, investor, municipality and economic development agency across Canada.

Pairing Practical Tools With New Infrastructure

Expanding supply is essential. Canada will need major investments in generation, transmission and distribution. But new electricity infrastructure takes years — often decades — to plan and build. It cannot be assumed that new capacity will arrive exactly where and when it is needed.



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That means thinking also needs to change regarding demand. This is where building-level data and demand-side tools become critical.

There are practical technologies available that can help reduce pressure on the grid and make better use of existing infrastructure. Energy management systems, smart appliances, small-scale storage, dual-fuel heat pumps and bidirectional EV charging can help smooth demand and reduce peak loads. These tools will still need to be paired with new infrastructure, but they can help buy time.

Submetering technology and demand response should also be part of the conversation. Ad-

vanced submetering systems can now model and predict a building's electricity use with a high degree of accuracy based on planning documents, design assumptions and expected operating patterns. That matters because one of the challenges in the connection process is that engineering designs and commercial/industrial tenants may over-request power out of concern they will be unable to secure enough capacity later.

When everyone asks for more power than they actually need, scarce grid capacity gets tied up inefficiently. Better data can support more accurate load forecasting and better planning.

For developers, electricity can no longer be treated as a late-stage utility issue. It needs to be part of the earliest stages of planning.

For governments and regulators, the challenge is equally clear. Electricity planning must be integrated with the decisions that shape growth, ensuring that new housing, employment lands and industrial development are supported by the infrastructure needed to power them.

When everyone asks for more power than they actually need, scarce grid capacity gets tied up inefficiently. Better data can support more accurate load forecasting and better planning.

Canada's next generation of development will depend not only on how quickly new power gets built but on how intelligently the power that is already available gets used. ■

Peter R.J. Mills is an energy management leader and the CEO of Wyse Meter Solutions. He has delivered energy management projects to more than 600,000 multiresidential suites across Canada.



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Insights on Managing Physical Risk in Commercial Real Estate

Rising insurance costs and climate hazards are bringing physical risk into sharper focus.

By Max Shpilband

Commercial real estate owners and developers have long managed weather-related risks, but physical climate hazards are becoming a more prominent factor in investment, development and operating decision-making. Rising insurance costs, increased scrutiny from lenders and investors, and a growing number of severe weather events are nudging markets participants to take a closer look at how flood, wildfire, wind and heat exposure can affect asset performance and long-term value. As these risks become more visible in underwriting, site selection and capital planning, the commercial real estate industry is taking steps toward adapting its approach to risk assessment and resilience.

To help industry professionals understand these evolving challenges, the CREDA Research Foundation recently published *Managing Physical Risk in Commercial Real Estate*.

Authored by **Spenser Robinson**, DBA, of Central Michigan University and **Siqi Zheng**, Ph.D., of the Massachusetts Institute of Technology, the report examines how developers, investors, owners and corporate occupiers currently assess, manage and mitigate physical climate risks. Drawing on interviews with more than 50 industry professionals, the research provides practical guidance for navigating a market in which physical risk is becoming more material to real estate decision-making.

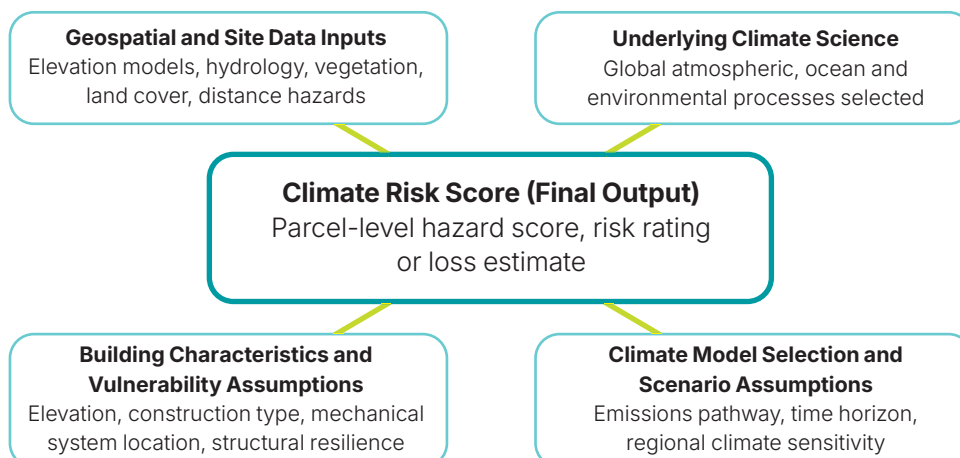
The report identifies insurance markets as one of the clearest ways that physical risk is affecting commercial real estate. Rising premiums, higher deductibles and increasing coverage limitations are directly influencing development feasibility, operating costs and investment decisions, particularly in markets exposed to flood, wind, wildfire and severe storm hazards.

Respondents across the industry noted that insurance estimates often provide an early indication of elevated risk, allowing developers and owners to evaluate potential challenges before moving forward with a project.

Respondents across the industry noted that insurance estimates often provide an early indication of elevated risk, allowing developers and owners to evaluate potential challenges before moving forward with a project. In some cases, insurance costs have become significant enough to influence site selection decisions, reshape development plans or discourage investment in certain locations.

The report also highlights several factors (see figure below) that influence whether mitigation measures are ultimately adopted. Many resilience strategies, such as elevating building pads, strengthening stormwater systems, relo-

Key Inputs and Assumptions Underlying Climate Risk Scores



cating critical equipment and incorporating redundant power, require significant up-front capital investment. At the same time, the benefits are often realized through avoided losses rather than increased rents or higher asset values. As a result, developers frequently evaluate resilience investments through the lens of cost, holding period and project economics.

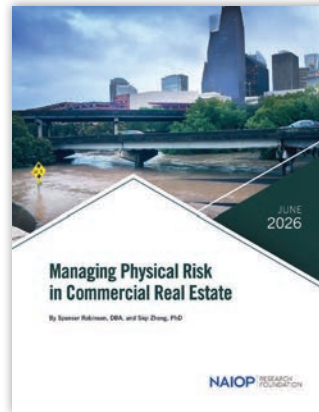
Overall, the findings suggest that physical risk is becoming more prominent in development and investment decisions. Developers are most likely to make substantial investments in mitigation when required by tenants, lenders, institutional investors or evolving building codes. Growing investor and lender scrutiny, rising insurance

costs and changing regulatory requirements point toward increased adoption of resilience strategies as physical risk becomes more integrated into real estate decision-making.

The report provides timely insights for developers, owners, investors and occupiers seeking to navigate this evolving landscape. As the commercial real estate market continues to adapt, understanding how physical risk is assessed and mitigated will become an increasingly important component of real estate strategy.

Access the report at credaresearch.foundation. ■

Max Shpilband is a research analyst for the CREDA Research Foundation.



Growing investor and lender scrutiny, rising insurance costs and changing regulatory requirements point toward increased adoption of resilience strategies as physical risk becomes more integrated into real estate decision-making.



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People and Companies

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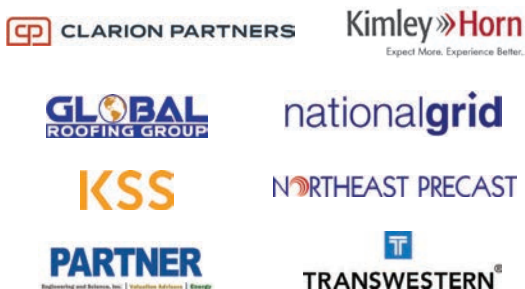
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Established Strength. Future Focus.

As chair of our association, I have the privilege of speaking with members in chapters across the United States and Canada. Those conversations make one thing clear: Our industry has changed significantly over the years, and our association has changed with it. One of the most visible expressions of this evolution is our new association name: the Commercial Real Estate Development Association.

The NAIOP name served us well for decades. It has history, meaning and tangible recognition among our members, in the industry, with policymakers and beyond. But the name's emphasis on office and industrial real estate development — the original focus when our association was founded more than 50 years ago — doesn't tell the full story of what our members do today. Furthermore, our next generation of leaders, whether in the industry or in public policy, don't have the benefit of knowing NAIOP's deep history, and our name can unintentionally become a barrier to their understanding.

That is why we rebranded in July as the Commercial Real Estate Development Association. This name better reflects who we are today, the work our members are doing and the future we are building together.

Our nearly 22,000 members today represent the widest demographic range, broadest geographic reach and most diverse level of product investment in our association's history. Our collective expertise as an organization now extends far beyond our office and industrial roots into a full assortment of asset types that shape everyday life, including retail, multifamily, mixed-use, data centers, cold

storage, aerospace, senior living, student housing and more. In my own work as president and chief development officer of Confluent Development in Denver, I see this variety in action. On any given day, I might be working with our team on senior living, mixed-use, retail, office or industrial projects across the United States.

Our association's new name also reflects the diversity of our members' specialties, roles, experiences and perspectives. As a member of the rebrand task force, I took part in many thoughtful discussions about who and what our association represents, what we aspire to convey through our branding and where we are heading next. The task force was part of a comprehensive look at the rebrand that included focus groups, surveys, industry research and more. We recognize many roles and people make up the spaces where we work, live, shop, play and innovate. We want to ensure that our name — and, in fact, our whole organization's brand — clearly conveys an industry where young professionals can envision themselves growing their careers, where longtime professionals find value in being actively involved, and where industry veterans see opportunities to shape their legacies.

Every aspect of the rebrand was carefully considered, from the curvature of the "C" to the design element of the "D." This level of precision may seem over the top — what does the degree of a letter's curvature really mean? — but I can assure you that it matters. Each piece, from the colors to the styling of the letters to the font, combines to create a strong new brand that both honors our past and charts a robust future for our association.

This precision is also critical for the work that we do. We will continue to provide valuable networking, effective advocacy, timely research and exceptional education to our members. Our name will now, however, more accurately represent our association as we build relationships both within our industry and outside of it, from Capitol Hill to the press to forming a more favorable public perception of the importance of commercial real estate development.

As we take this step, I hope our members see this change for what it is: a thoughtful and necessary evolution. Our new name reflects the industry as it exists today and as it will continue to grow in the years ahead. It acknowledges the many ways our members contribute to commercial real estate and reinforces that our association



Celeste Tanner

This name better reflects who we are today, the work our members are doing and the future we are building together.

is home to a broad and vibrant professional community. Most importantly, it positions us to lead with greater clarity and purpose.

A name alone does not define an organization — its people do. Our members have always been the strength of this association, and that will never change. What this new name does is give us a more accurate and inclusive way to describe that strength to the world. It reflects an industry that is broader, more innovative and more interconnected than ever before.

I am excited about this new era, confident in what it represents and grateful to move forward with all of you under a name that fully reflects the diversity and promise of our profession. ■

Celeste Tanner
President/Chief Development Officer,
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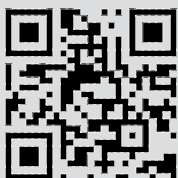
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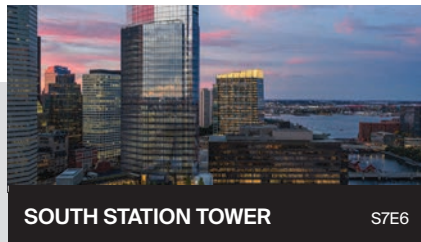
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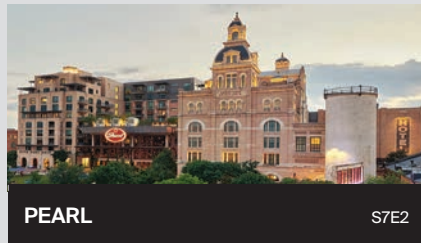
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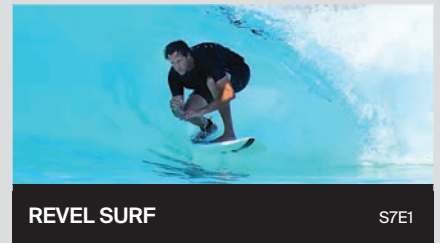
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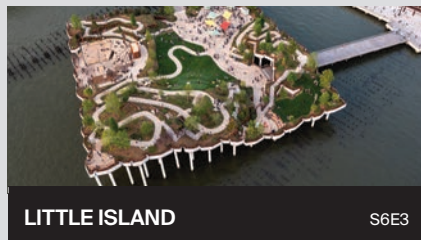
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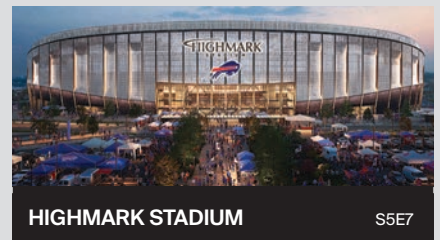
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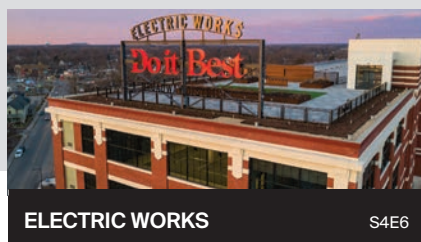
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