



FOR IMMEDIATE RELEASE

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For more information, contact:

Kevin Moran, 215.845.8996, kevin.moran@uli.org

**ULI AND PWC RELEASE ANNUAL *EMERGING TRENDS IN REAL ESTATE*® 2021;
LEADERS CHALLENGE THE INDUSTRY TO CREATE AN EQUITABLE AND
CONNECTED REGION AT ULI'S ANNUAL REAL ESTATE FORECAST**

Hundreds of real estate and planning leaders convened virtually at 21st Annual ULI Philadelphia Real Estate Forecast; Reimagining work and development during crisis, unprecedented collaboration and confronting equity are themes discussed by speakers.

On November 19th, real estate experts, ULI members and industry professionals met to share perspectives on strategies to rebuild an interconnected region in the face of a pandemic, address equity and segregation in real estate, and discuss Philadelphia's position among national trends detailed in the [*Emerging Trends in Real Estate*® 2021](#) report released by ULI and PwC on October 14th. Hundreds of ULI members and public and private industry leaders joined ULI Philadelphia for its 21st Annual Real Estate Forecast, delivered as a full-day virtual program. Key local leaders across sectors addressed the unprecedented crisis faced by the city and industry, while sharing stories of empathy, collaboration across sectors, bright spots in the data and a focus on addressing equity and racial justice in our communities and industry.

The report characterizes 2021 as “a crucial moment for real estate to showcase leadership in driving change,” a theme consistent in this year’s discussion. COVID-19 has accelerated change in the real estate industry, advancing some trends while altering others, bringing a focus to social justice and wellness amid a backdrop of economic uncertainty. Critical conversations around race in America have required both industries to reflect on their role in harmful policies that perpetuate ongoing economic and racial disparities. In response to the adversity and hardships that our communities continue to face, Philadelphia has the opportunity to rebuild and recover both our economy and communities in a more equitable way.

Calvin Gladney, President and CEO of Smart Growth America and ULI Trustee opened this year’s program with a historical discussion of the segregated communities we see today, and what can be done moving forward to create more equitable places. Gladney challenged developers in the audience to match their equity efforts to community needs, noting flexibility in tweaking projects, rethinking ground floor uses, creative development partnerships, equity investment opportunities and use of diverse service providers as strategies to consider.

Following Gladney’s remarks, panelists Gregg Carren, President & CEO, Philadelphia Convention & Visitor Bureau; Dominique Casimir, Vice President of Real Estate, Thomas



Jefferson University and Health Systems; Rebecca Rhynhart, City Controller, City of Philadelphia; and moderator Dr. Peter Angelides, AICP, President and Principal, Econsult Solutions, Inc. explored how the city's diverse economic drivers will support a regional economic rebound. Rhynhart underscored the importance of using data to explore how best to distribute relief resources while Casimir added that developers and property owners will have a role to play as well in supporting their tenants. Panelists agreed how we work is changing, decision timelines are being expedited and that through this challenging moment in time, opportunity exists for innovation.

Lauren Gilchrist, SVP & Sr. Director of Research – Philadelphia, JLL returned to the program to highlight regional real estate investment and development trends, while Anita Kramer, Senior Vice President, ULI Center for Capital Markets and Real Estate commented on Philadelphia's position within national trends detailed in this year's Emerging Trends Report. Both Gilchrist and Kramer explored the acceleration of pre-pandemic trends noting some hope for the office market, with survey results showing most tenants intending to maintain or increase their footprint, with an emphasis on flexible space. Still, forecasting is a mess right now with conditions changing regularly. Notes of optimism in the data included the housing markets, return to office and the relatively less severe impact in Philadelphia vs some larger metro counterparts.

The program concluded with panelists Tony Ewing, Principal, Shift Capital; Leslie Richards, General Manager, SEPTA; Mike Wojewodka, Senior Vice President and Partner, MRA Group and moderator Anne Bovaird Nevins, President, Philadelphia Industrial Development Corporation sharing insight on the long-term development impacts of COVID-19, and the role of a connected region in shaping a more equitable future. Nevins framed the conversation as a “both-and” equation – a way to support both the city and its surrounding suburbs, highlighting the importance of public transit in connecting workers to employers and strengthening the region's overall economic competitiveness. Richards elaborated on this point noting that COVID-19 has shed new light on the role of essential workers in our economy and how transit plays a critical role in connecting those workers to economic opportunity. Both Ewing and Wojewodka's highlighted interesting and robust development models, the value of place-based development and the strong life sciences position that Philadelphia has in the nation.

This year's national report positioned Philadelphia among the “US Markets to Watch” and as a “Multitalented Metro Area” characterized by a particularly diverse economy that helps to stabilize development and redevelopment opportunities, relatively more affordable than other markets in this category of established metro areas.

Additional top trends from this year's report include:

- **Work from home changes office outlook** – The rapid shift to widespread remote work is considered the ultimate test of digital transformation in the workplace. As a result, some businesses will shrink their footprints as a cost savings measure. However, more than 60% of professionals agree that office tenants will look to expand spaces for new ways of collaboration and interaction.



Philadelphia

- **The Great American Move & Reinventing Cities** – COVID-19 is accelerating suburban growth, especially in the Sunbelt markets, as well as geographic shifts. With a greater emphasis on health and safety, the need for lower density environments and more space has grown. As cities face fiscal and population challenges, they have adapted with creative solutions, reimagining public space and continuing to improve livability. Gateway markets will remain the financial, cultural, technology and government capitals of the US.
- **Stores still matter** – The retail property sector must right-size and reinvent as the industry faces a painful shake out. The next few years promises to be “retail’s great transition period.” Expect to see much smaller physical retail presence and vast amount of vacant space with lower rents. Top brands will take advantage of lower prices to upgrade their locations, while malls will leverage empty space to improve their tenant roster or convert to distribution centers for online retailers.
- **The essentials: safety and wellness** – 82% of professionals agree that health and wellbeing will become a more important factor across all sectors of real estate. The new focus on personal safety will lead to new service and advanced technology that provide cleaner buildings, improved HVAC infrastructure, sensors, touchless entry and contact tracing apps.
- **The economy stumbles, real estate sector hangs on** – Though real estate markets have settled; most anticipate overall real estate price to fall 5-10% as income is curtailed for several years. Industrial properties, data centers and single-family homes are expected to rise in value, while retail and hospitality will the largest decline.
- **The great fiscal challenge** – Real estate taxes, generally the largest source of local government revenue, are likely to decline as hotels and shopping centers (and potentially offices) lose tenants and value. Long term revenue declines will affect all government services but could be particularly impactful on infrastructure investments.
- **Affordable housing crisis will explode without intervention**– COVID-19 has only accelerated the house disparities in the US as many low-income workers experience unemployment and possible eviction. With state and local governments facing large revenue declines, experts agree that the federal government has the wherewithal to provide programs and resources to this problem.
- **Social justice and racial equity now** – The industry must do more to address social and racial inequality in the US. Nearly half (48%) of respondents disagree that real estate understands how past policies and practices have contributed to systemic racism. 70% agree that the real estate industry can address and help end racial inequality.

“This year’s Real Estate Forecast demonstrates ULI’s leadership, convening the industry and addressing difficult but important issues during a time of immense uncertainty. Now more than ever, our industry and our organization must take the lead in reshaping the built environment” said Alan Razak, Chair of ULI Philadelphia and Principal at AthenianRazak LLC. “With a range of expert speakers from public sector leaders to real estate developers to the top research professionals in the country, we are fulfilling our mission by convening this group together, even



if virtually. We are proud to challenge our industry to do better when it comes to social and racial inequity, to recognize our role in the problem and for ULI members to be a part of that.”

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About ULI

The Urban Land Institute is a nonprofit education and research institute whose mission is to provide responsible leadership in the use of land and in creating and sustaining thriving communities worldwide. Established in 1936, ULI today has more than 40,000 members around the globe representing the entire spectrum of land use and development disciplines. The Philadelphia District Council encompasses more than 1,000 members throughout Eastern and Central Pennsylvania, the southern half of New Jersey and the State of Delaware. It is one of the most robust district councils in the country, experiencing strong growth and introducing new initiatives. For more information, please visit www.philadelphia.uli.org.

About Emerging Trends in Real Estate®

Emerging Trends in Real Estate® is a trends and forecast publication now in its 42nd edition, and is one of the most highly regarded and widely read forecast reports in the real estate industry. Emerging Trends in Real Estate® 2021, undertaken jointly by PwC and the Urban Land Institute, provides an outlook on real estate investment and development trends, real estate finance and capital markets, property sectors, metropolitan areas, and other real estate issues throughout the United States and Canada.