



Gensler

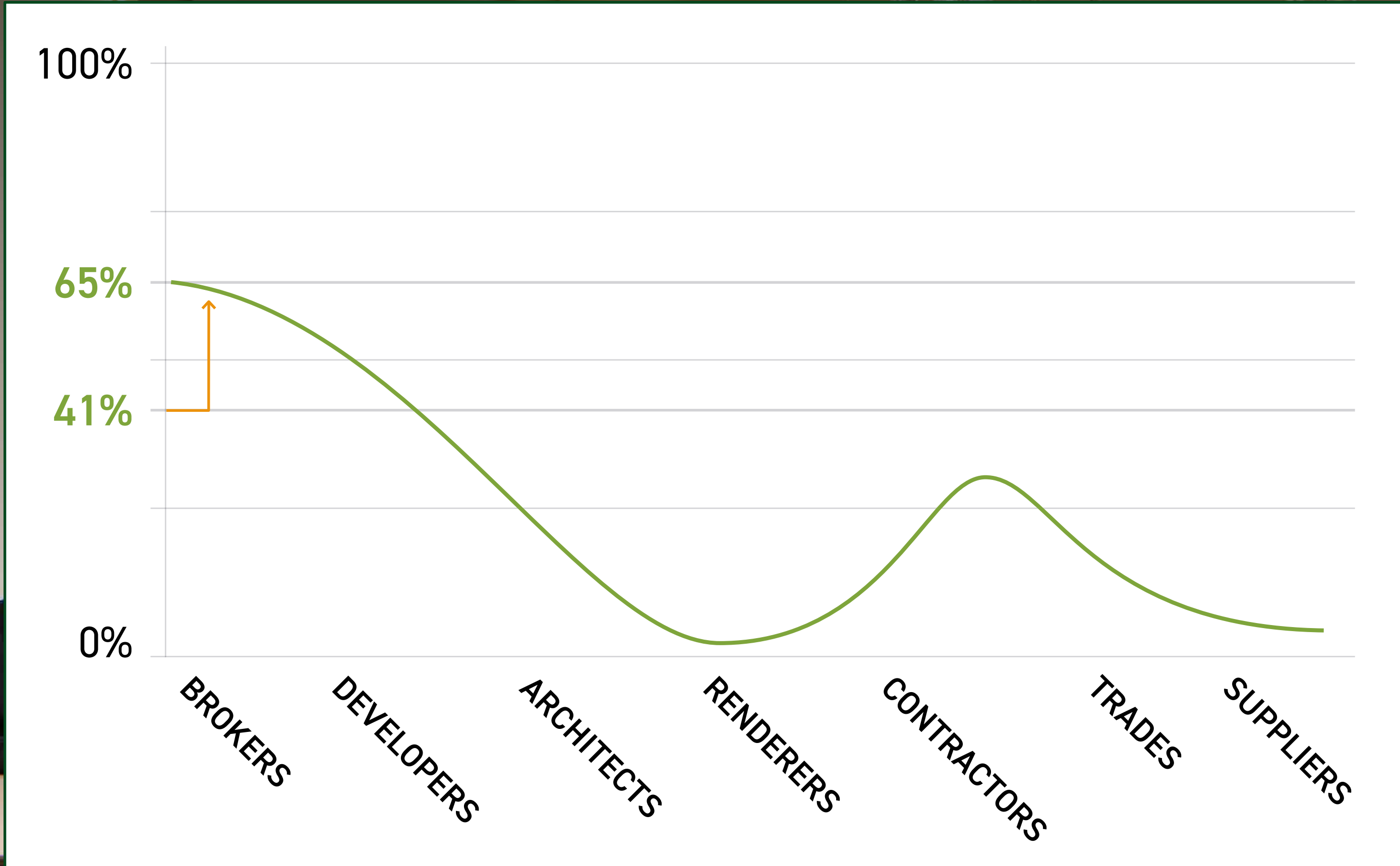
TRENDS IN REAL ESTATE

WITH STEVEN PAYNTER



POSITIVITY IS UP

Positivity is up from 41% to **65%**; which is good, *but it's not great.*

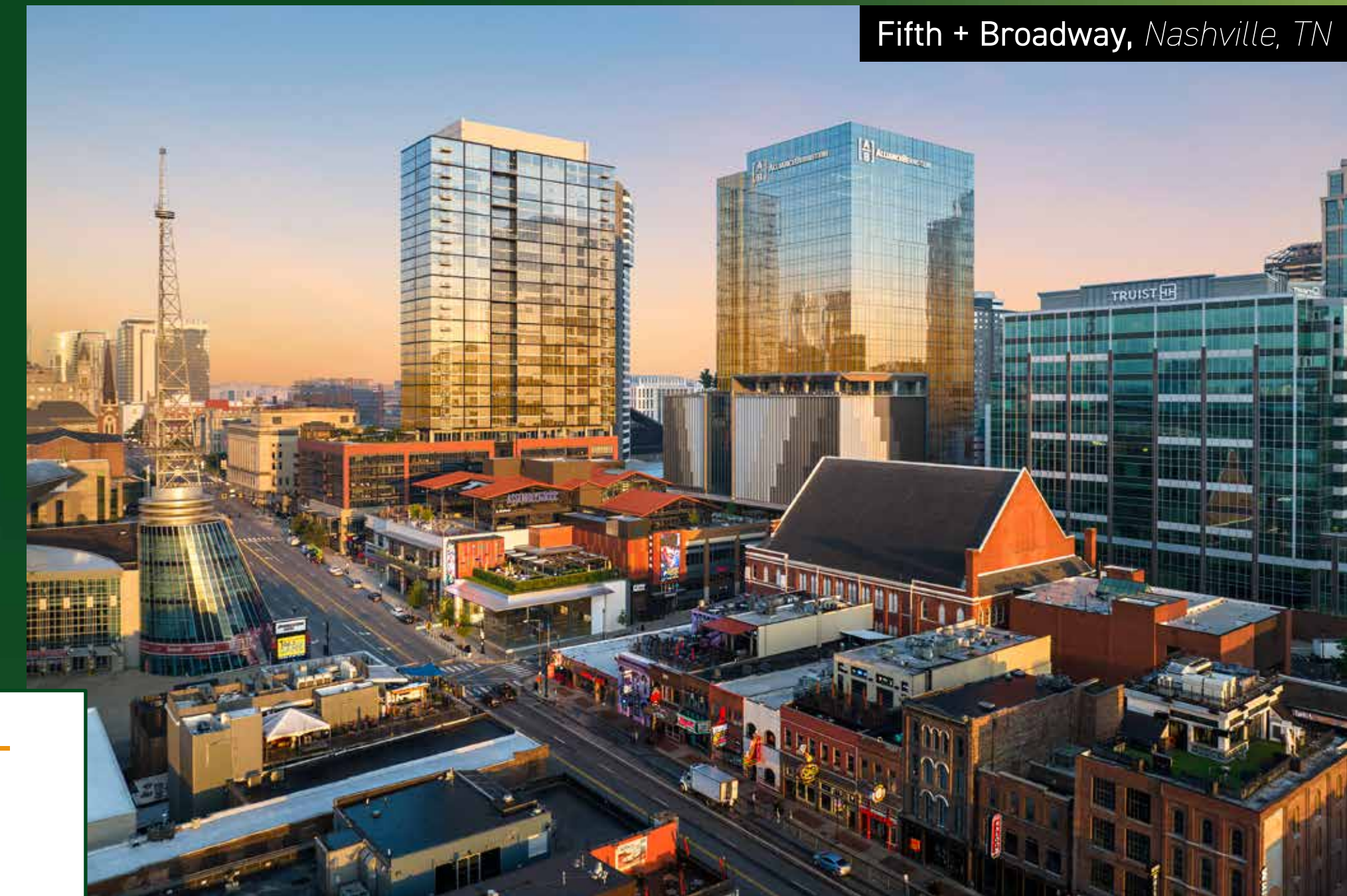
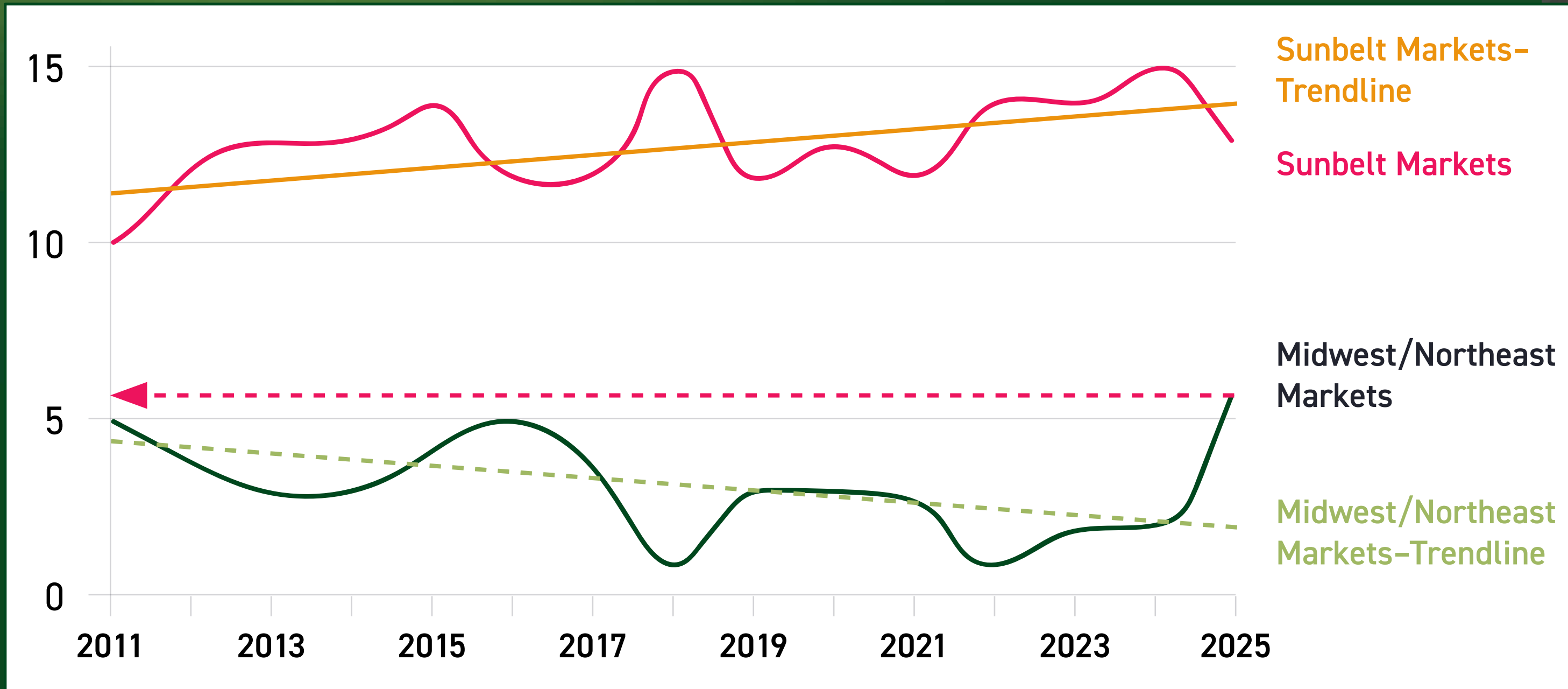


Consilio Customer Experience Center, Miami, FL

DON'T TRUST THE HEADLINES!

WARM VS. COLD CLIMATE MARKETS IN "EMERGING TRENDS"

Top 20 Sunbelt vs. Northeast and Midwest Markets



Fifth + Broadway, Nashville, TN

2.4%

GROWTH IN NASHVILLE IS 145,000 SQ FT

That's six floors of a New York office tower.

0.01% of the NY Market.

Source: Emerging Trends in Real Estate surveys; compiled by Nelson Economics.

POLICY

6 MOS

TRENDS AND POLICY WILL BE DELAYED BY LAME DUCK PERIOD AND RAMP UP.

\$2T

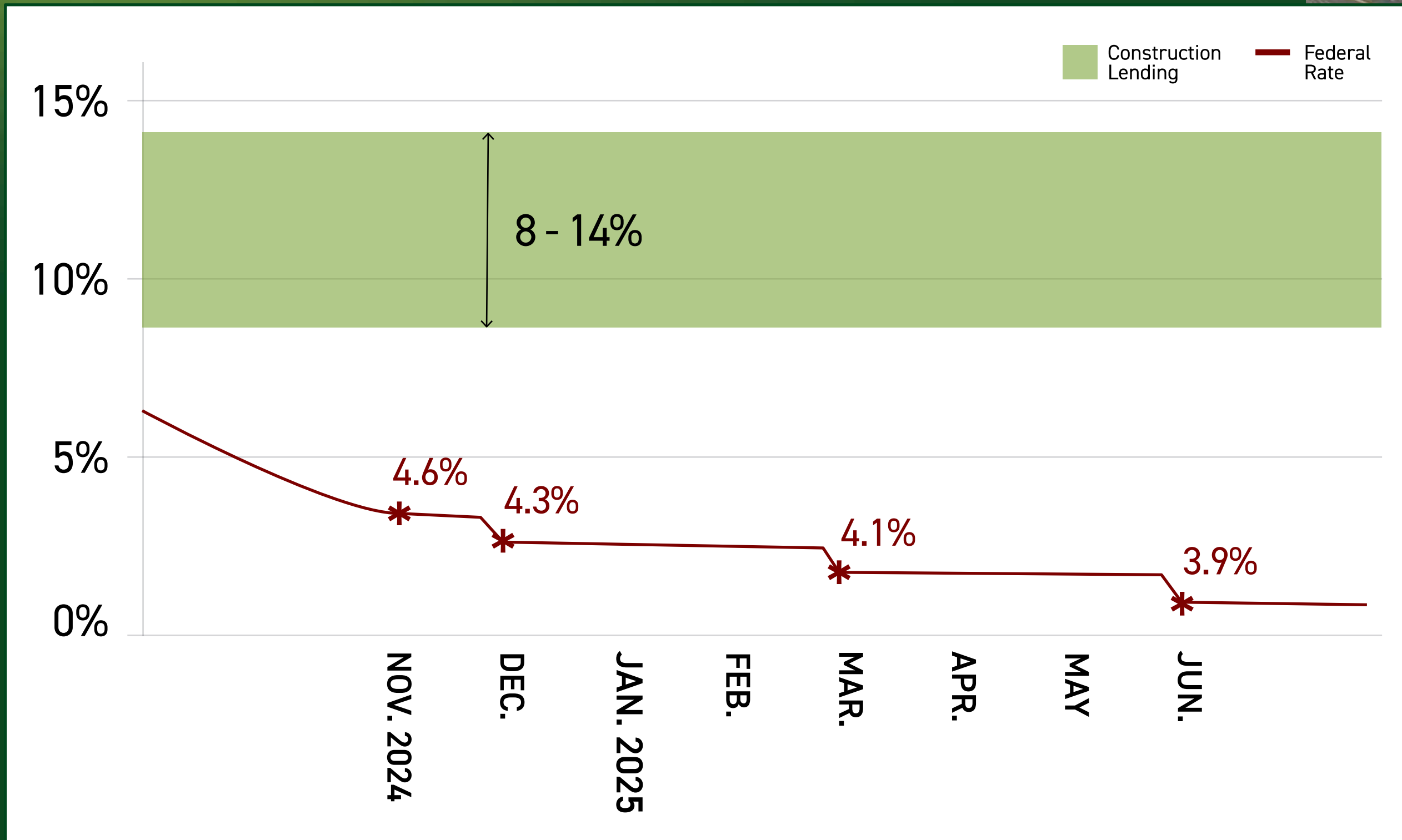
FEDERAL CUTS WILL SHIFT POLICY TO STATES AND CITIES, WE WILL ENTER A PERIOD OF **HYPER LOCALISM**.

75%

IMMIGRATION CUTS COULD REDUCE THE WORKFORCE AGE POPULATION GROWTH BY 75%, CAUSING SYSTEMIC ISSUES.



FEDERAL INTEREST RATES



18%

STOCK MARKET
YTD INCREASE
Source: S&P Global

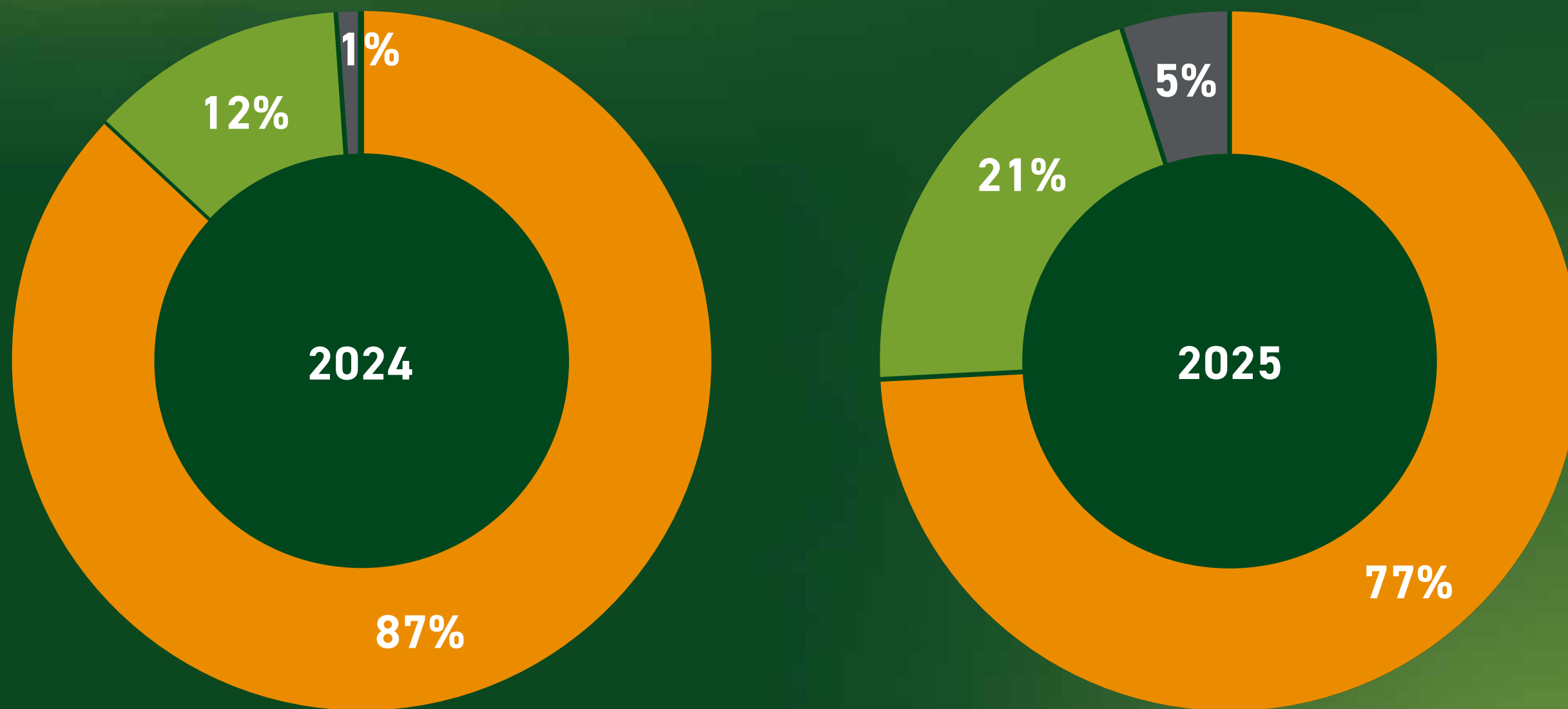
203%

NVIDIA YTD INCREASE
Source: Forbes

AVAILABLE DEBT FOR PROJECT DEVELOPMENT

DEBT CAPITAL FOR DEVELOPMENT AND REDEVELOPMENT

Capital Market Balance Forecast, 2024 versus 2025



■ UNDERSUPPLIED
 ■ IN BALANCE
 ■ OVERSUPPLIED

Source: Emerging Trends in Real Estate surveys
 Note: Based on U.S. residents only.



Image: The Real Deal

Up to 300 regional banks will go under in 2025.

Source: Powell - FED

\$1.2T in CRE maturities in 2025 with "extend and pretend" ending.

Source: PwC Report

**WHAT DOES THIS MEAN
FOR EACH ASSET CLASS?**

RETAIL



UGG Flagship Store, London, UK

RETAIL VACANCY

4.1% 4.7%
UNITED STATES ST. LOUIS

46.8M

SQUARE FEET
UNDER CONSTRUCTION

4.4M

SQUARE FEET NET
ABSORPTION PER QUARTER

Risk of being overbuilt?
72% of companies are
looking to expand.

Source: Colliers

LABS

JLABS @ Toronto, Toronto, Canada

U.S. LIFE SCIENCES REAL ESTATE TRENDS, BY QUARTER, IN MILLIONS OF SQ. FT.

	ABSORPTION (MILLION SQ.FT.)	COMPLETED (MILLION SQ.FT.)	DIFF.
2Q22	1.8	3.7	-1.9
3Q22	0.1	3	-2.9
4Q22	3.2	5.1	-1.9
1Q23	3.7	4.7	-1
2Q23	2.8	5.7	-2.9
3Q23	0.9	3.7	-2.8
4Q23	2.3	5.9	-3.6
1Q24	2	5.6	-3.6
2Q24	3.4	6.8	-3.4

5.3%

MORE COMPLETIONS THAN ABSORPTION
Source: PwC Report

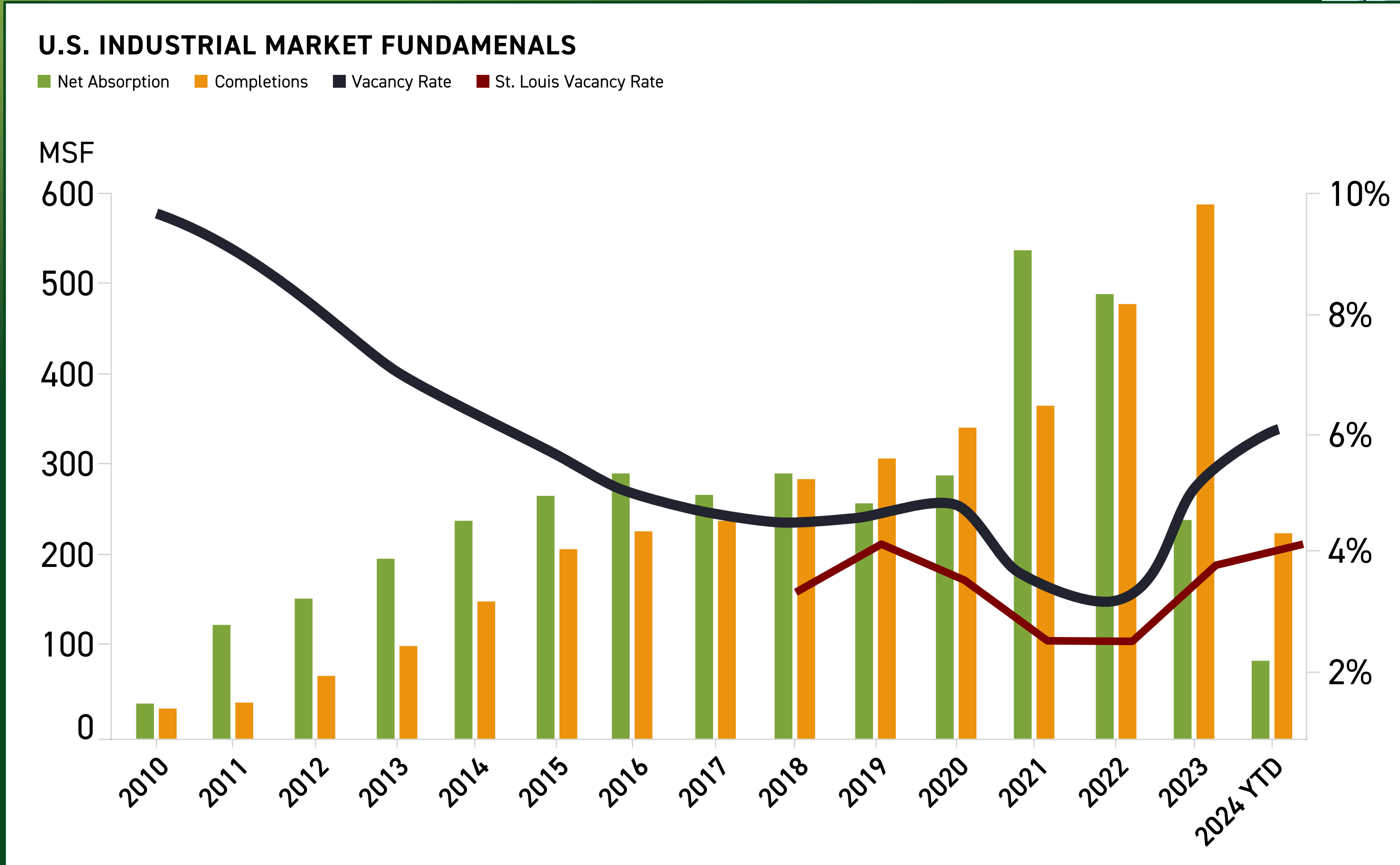
2%

GROWTH IN JOBS AS INDUSTRY STRUGGLES TO GRADUATE ENOUGH WORKERS
Source: BLS Report

Source: Revistalab
Note: Includes investor-owned and owner-occupied buildings that are purpose built for research, development, and manufacturing of biotech and pharmaceutical medicines and therapeutics.

We have enough labs, just not necessarily in the right place!

INDUSTRIAL



Both demand and vacancy are their highest in ten years.

Demand for new tech space with great infrastructure is high.

“Build what you know” is a dead concept.

Source: CBRE, Cushman & Wakefield, JLL, Colliers, Prologis
 Note: YTD 2024 figure is through June 2024

DATA CENTERS

'Power, power, power' is the new 'location, location, location'!

0% - 2%
VACANCY

Microsoft to reopen Three Mile Island Nuclear Plant and pre-order 20 years of electricity!

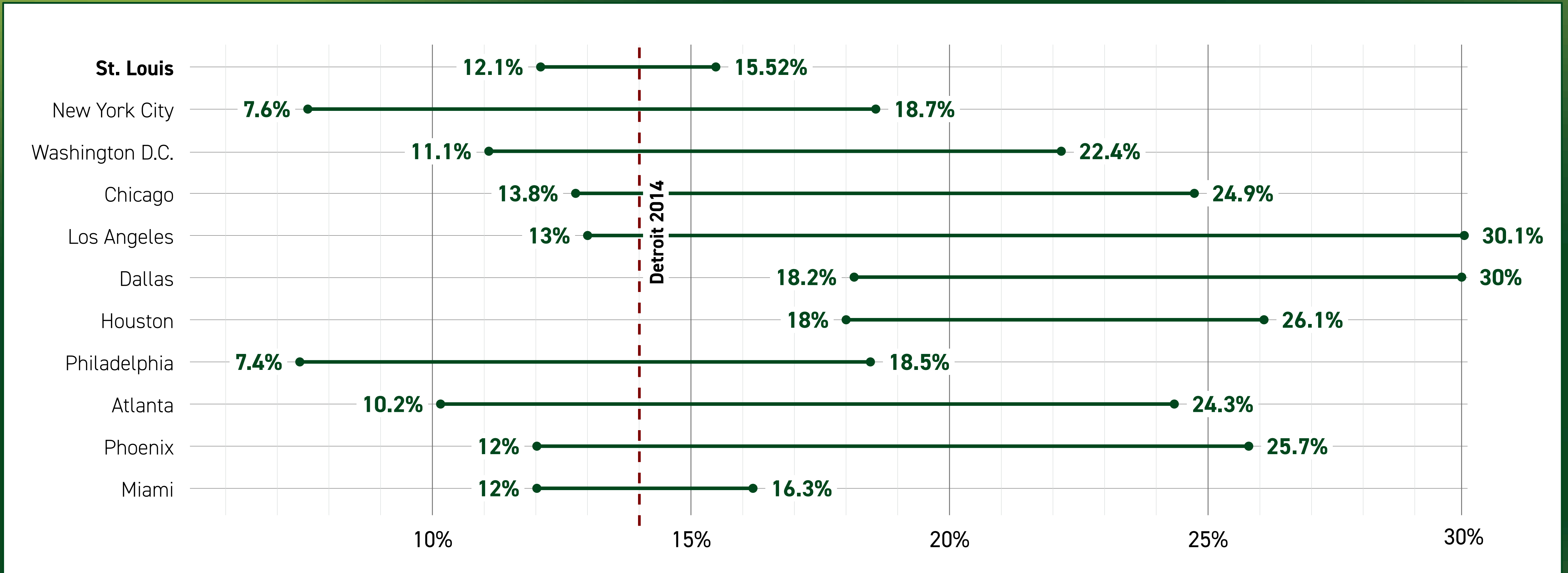


Confidential Data Center, *Milan, Italy*



WHAT ABOUT OUR DOWNTOWNS?

FACTORS: 2019- 2024 VACANCY RATES



Source: Colliers, Avison Young, CBRE

VACANCY RATES

As of the end of June 2024, the average vacancy rate in America's top metros stood at 20.1%.



Source: Moody's

THE URBAN DOOM LOOP

Cities sleepwalked into a huge drop in revenue.



WFH VS RTO

30%

“STEALTH” LAYOFFS?
IS THAT THE RTO PLAN?

Shopify 100% remote;
26% business growth.

NVIDIA is the fastest
growing company
in the world and it's
remote first.

Sodexo Headquarters, North Bethesda, MD



WFH VS RTO

-3.1%

RECOVERY ACROSS NA'S,
64 LARGEST CITIES.
- School of Cities, 2023 - 2024

27 37

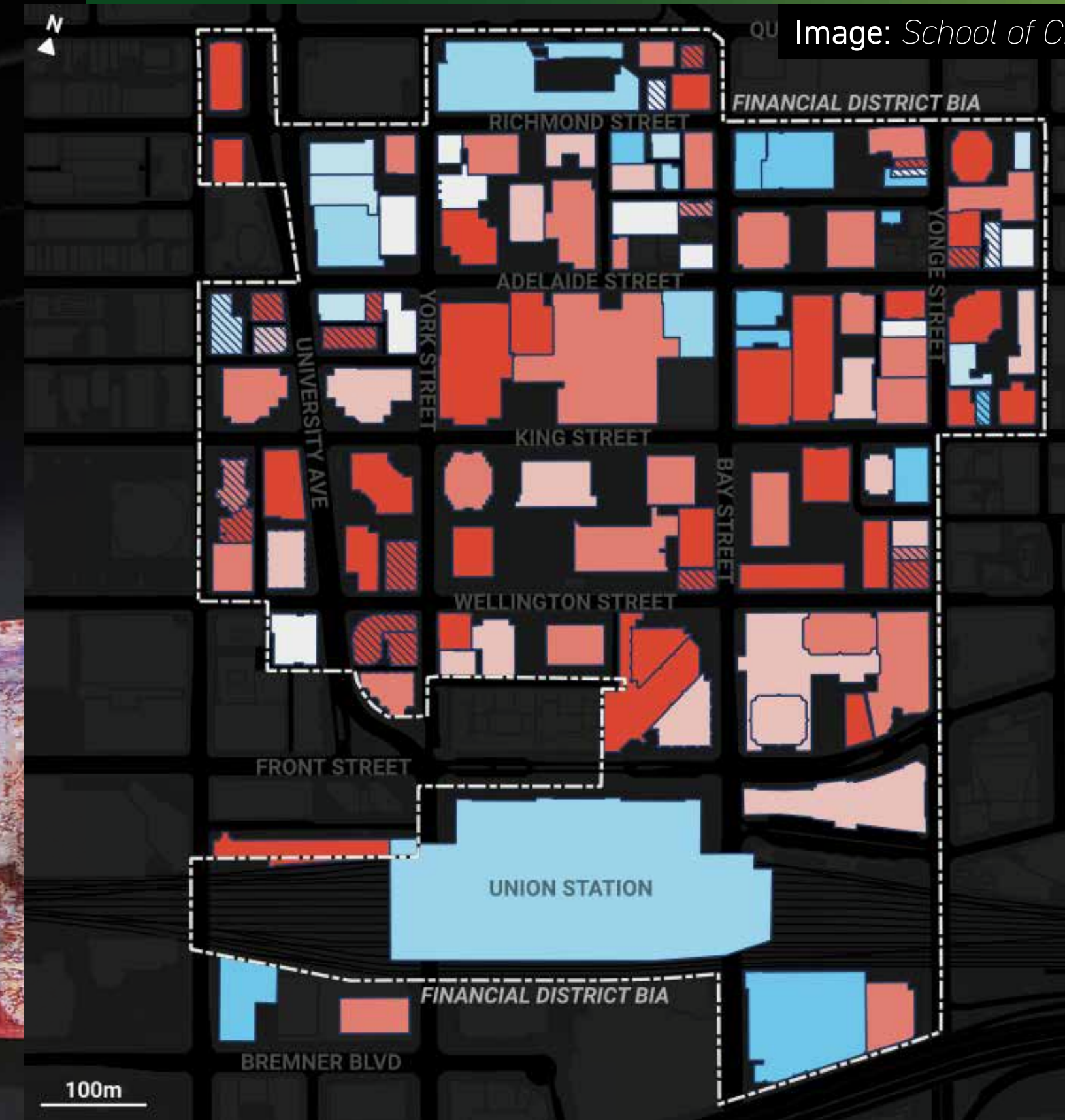
DOWNTOWNS UP. DOWNTOWNS DOWN.
- School of Cities

Cell phone data indicates that only Las Vegas has recovered beyond 2019 levels.

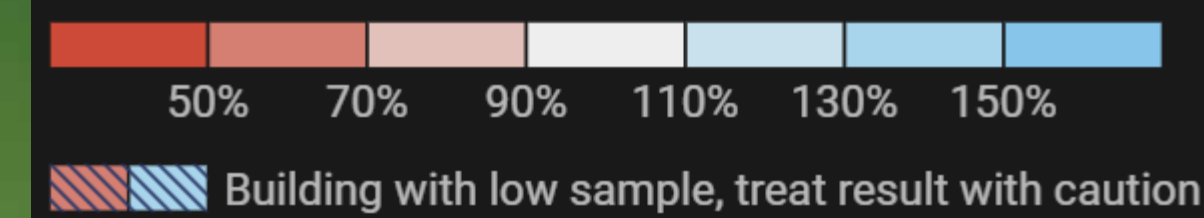
TORONTO FINANCIAL DISTRICT BIA

SOURCE: SCHOOL OF CITIES, DOWNTOWNRECOVERY.COM

Image: School of Cities



Recovery Rate % (2023 versus 2019)



OFFICE MARKET HEADLINES

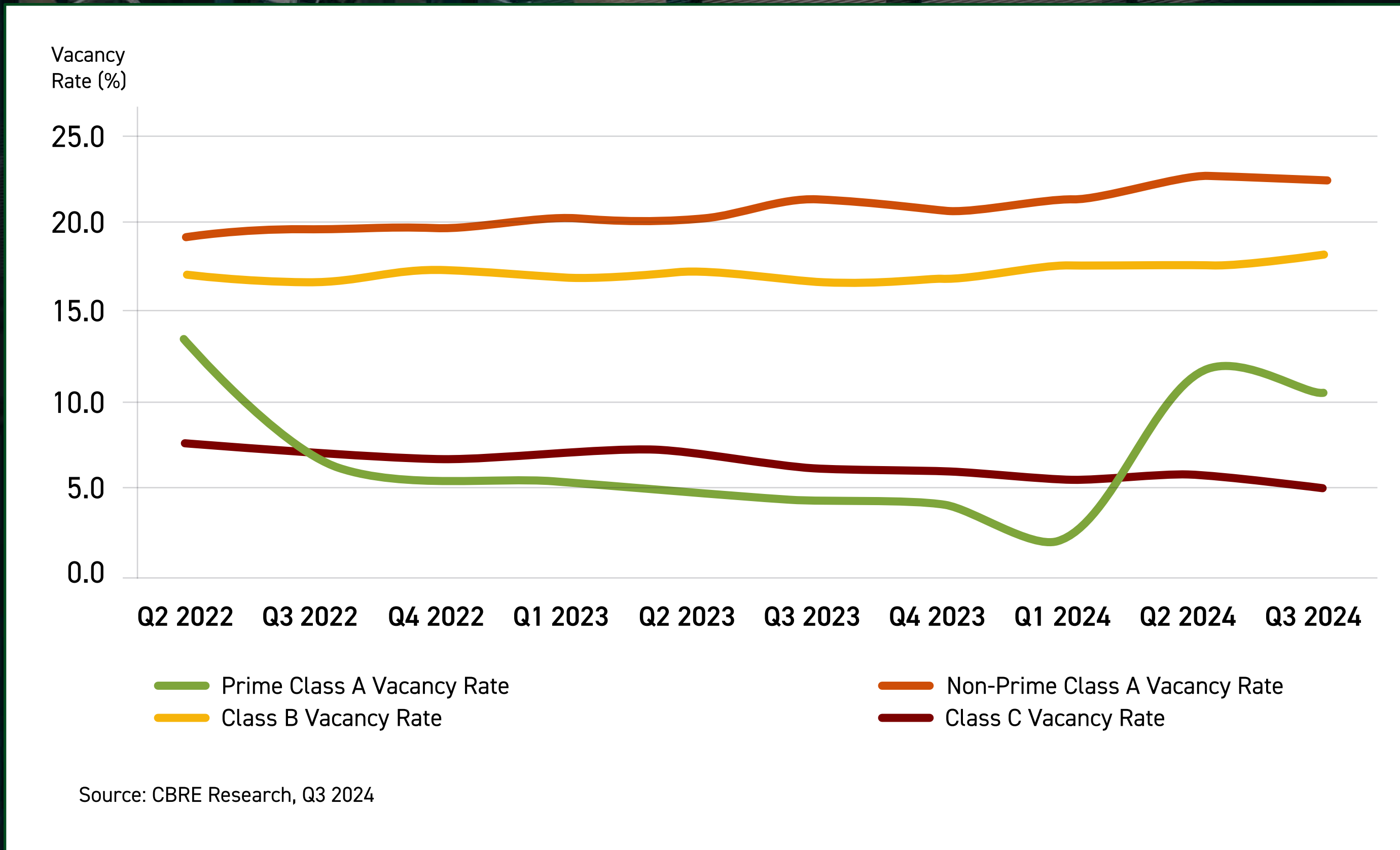
"FLIGHT TO QUALITY"

222 5th Ave. North, Seattle, WA

VACANCY RATES

KANSAS CITY VACANCY

U.S. VACANCY



CLASS	TOTAL AVAILABILITY
TROPHY	21.7%
CLASS A	28%
CLASS B	21.8%
CLASS C	14.3%
U.S. TOTAL	23.7%

Source: Avison Young

OFFICE MARKET HEADLINES

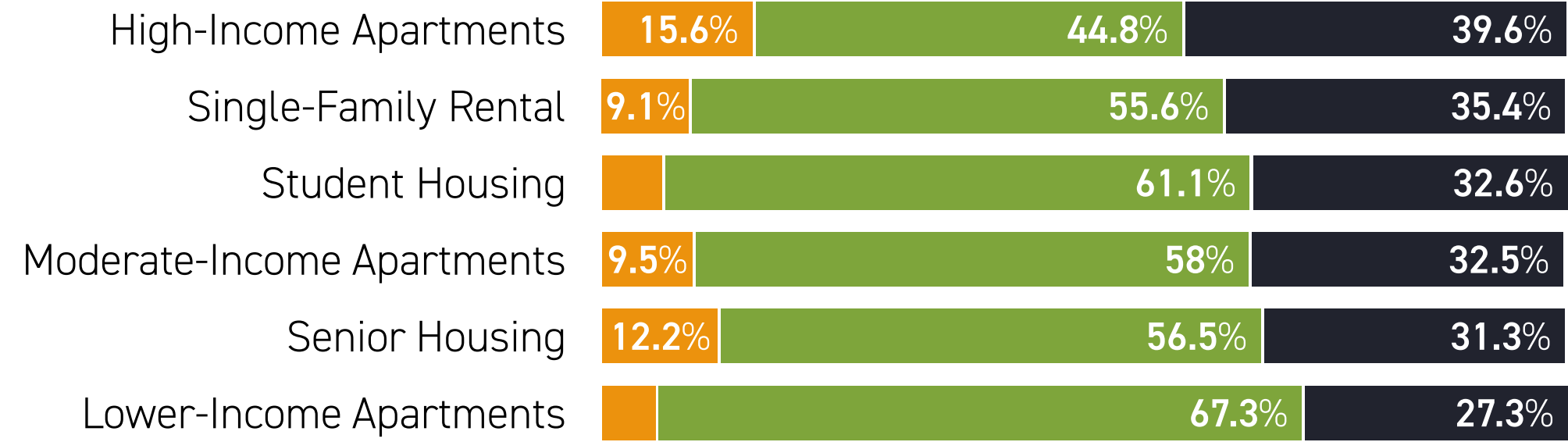
“FLIGHT TO COMMODITY”

**SO, WHAT DO WE DO
WITH THE VACANCY?**

MULTIFAMILY

OPINION OF CURRENT APARTMENT PRICING

■ Underpriced
 ■ Fairly Priced
 ■ Overpriced



Source: Emerging Trends in Real Estate 2025 survey
 Note: Based on U.S. Respondents only.

\$1.48/SQ FT
ST. LOUIS RENT

\$7.13/SQ FT
NEW YORK CITY RENT

Cities will need to step in to cover construction costs.

Sunbelt is seeing over supply.

Construction starts have stalled because the economic model is broken.

Housing shortage is 6.5M units and growing.

OFFICE-TO-RESIDENTIAL

The Residences at Rivermark Centre, *Baton Rouge, LA*

20%

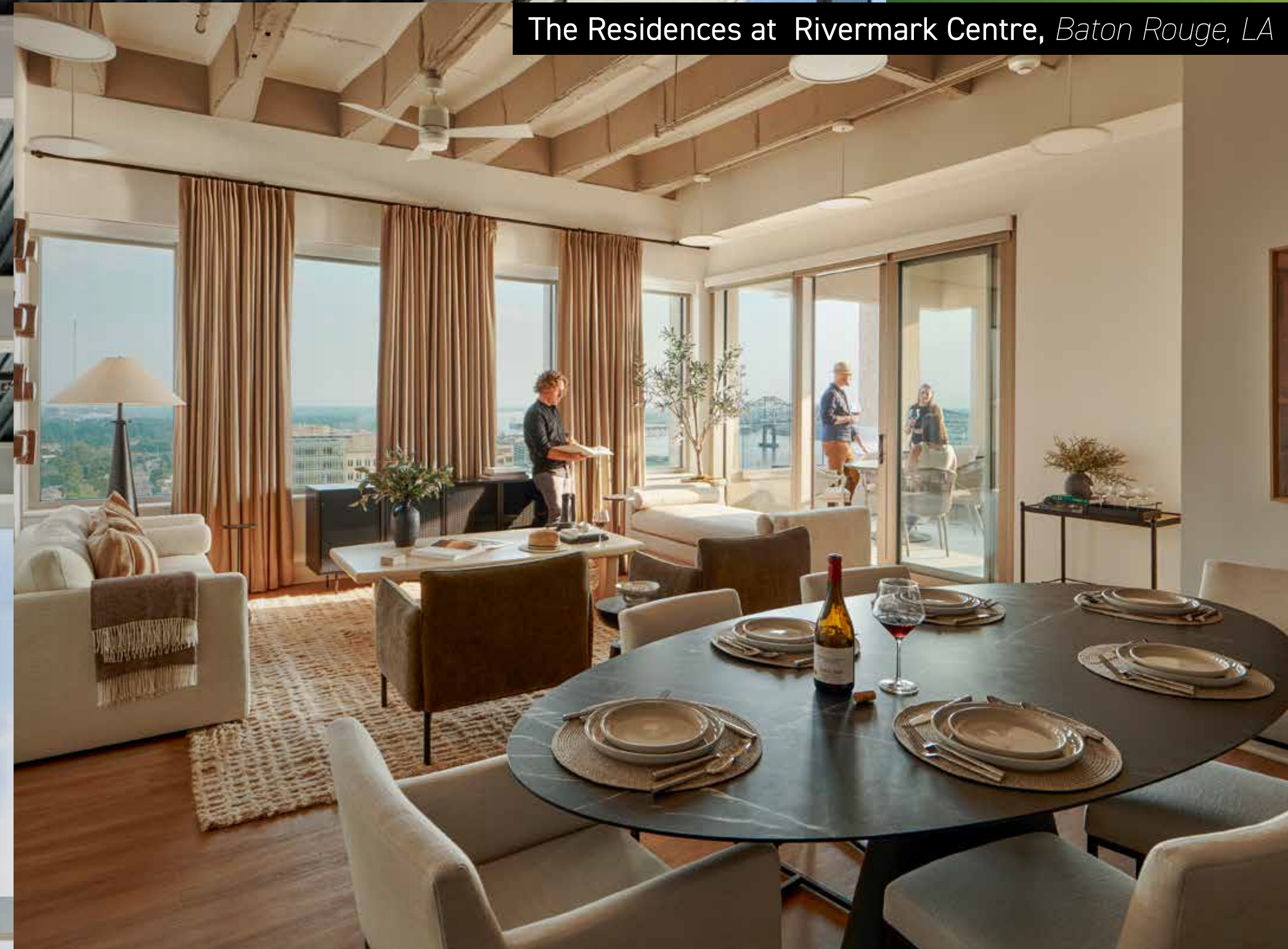
IN CALGARY, OVER 20% OF ALL DOWNTOWN OFFICE WILL BE CONVERTED THROUGH THEIR INCENTIVES, SPURRING THE FIRST POSITIVE REAL ESTATE TAX BASE INCREASE SINCE 2007.

Source: City of Calgary

40%

IN NYC, 40% OF ALL RESIDENTIAL WILL BE OFFICE-TO-RESIDENTIAL CONVERSIONS.

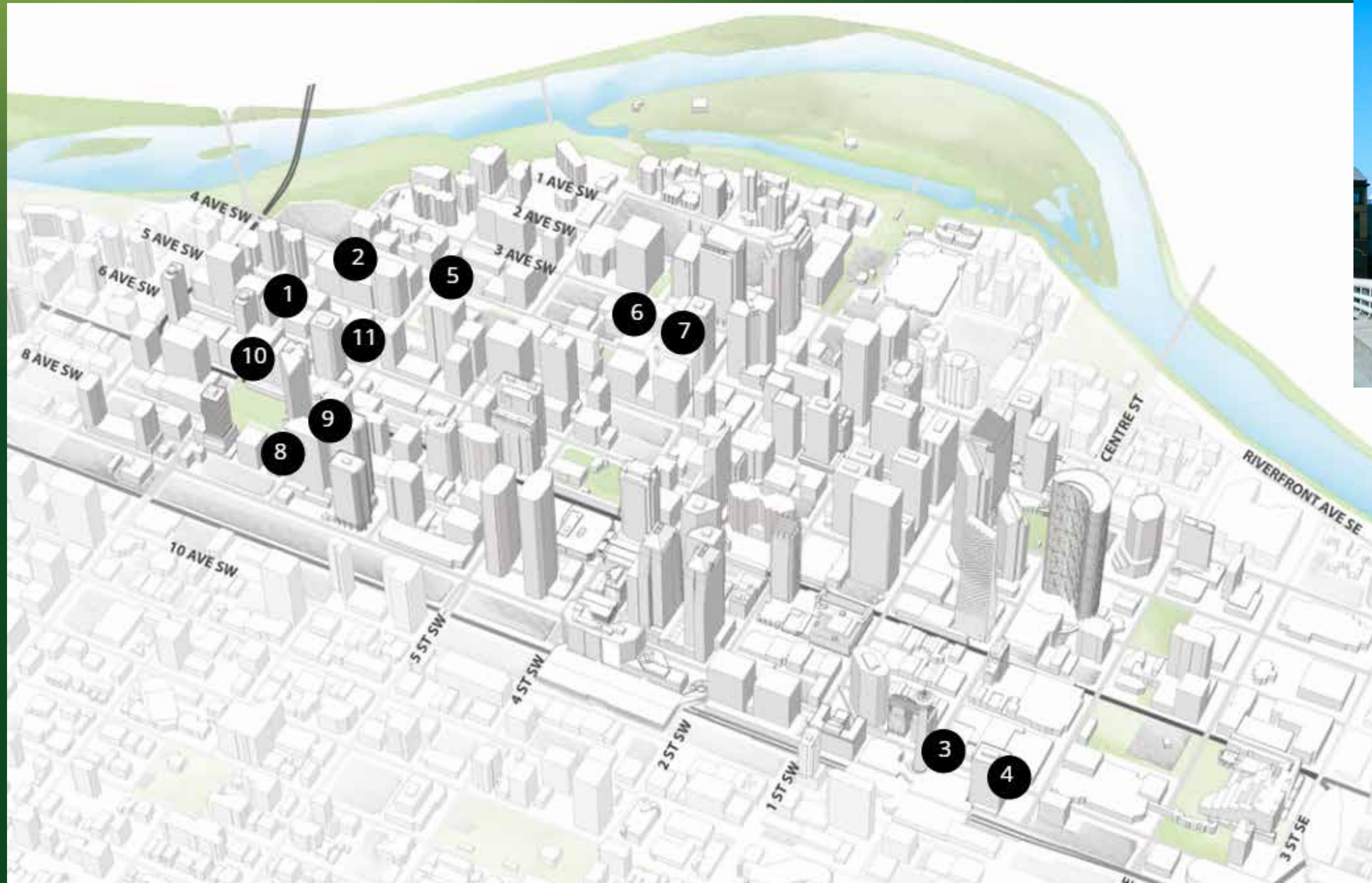
Source: The Real Deal



Franklin Tower, *Philadelphia, PA*

CITY OF CALGARY

DOWNTOWN CALGARY DEVELOPMENT INCENTIVE PROGRAM
OFFICE-TO-RESIDENTIAL CONVERSIONS



\$75
PER SQUARE FOOT
INCENTIVE

10%
OF ALL DOWNTOWN
OFFICES CONVERTED

NO
ENTITLEMENTS

6 WK
APPROVALS

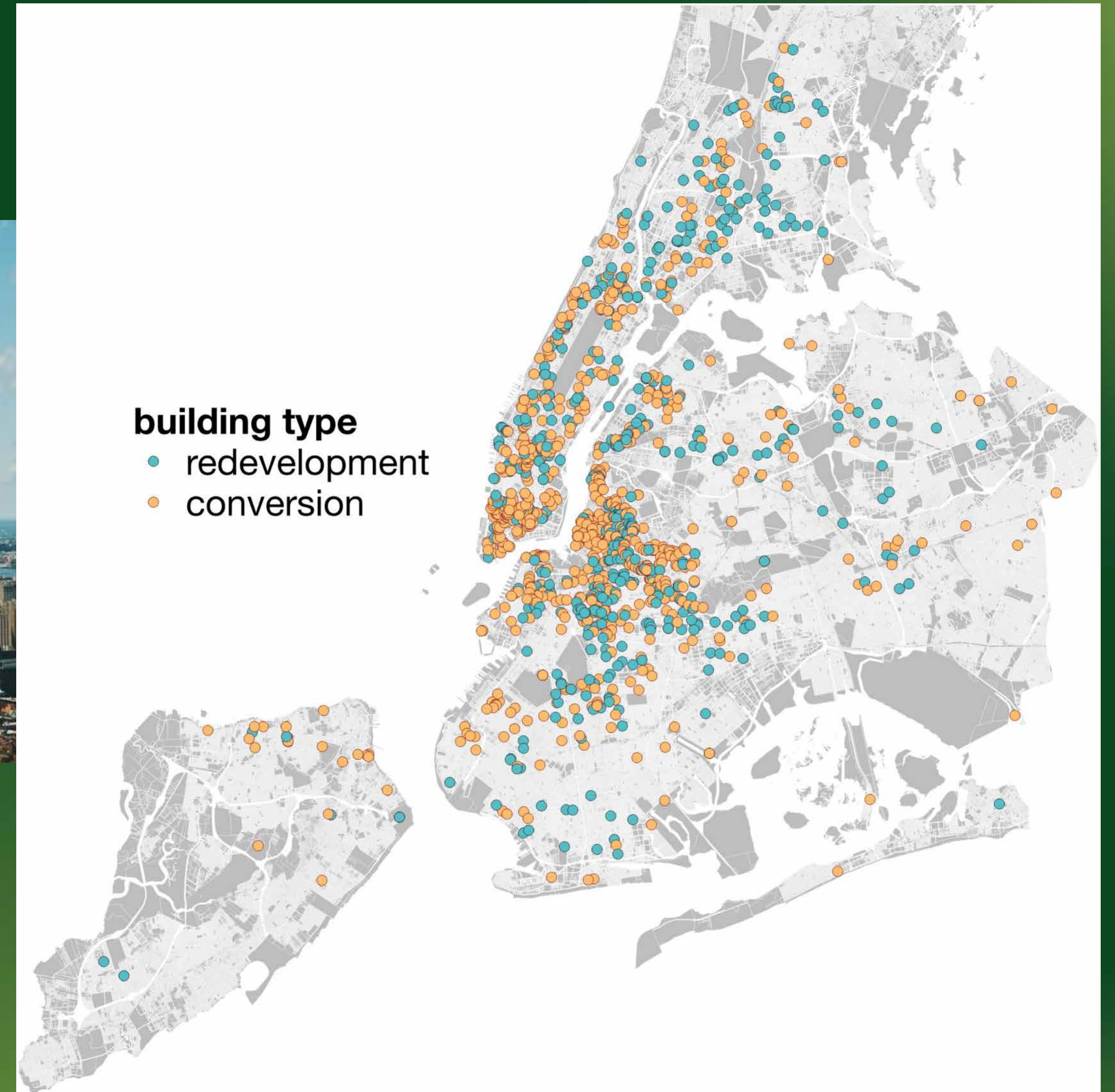
CITY OF NEW YORK



Bill 467m

The same approach built 77,000 units post 9/11.

90% tax savings for up to 35 years.



OTHER TRENDS



AI/PROPRIETARY TECHNOLOGY

There's a boom right now, but no one really knows what prop tech is or what the game changing idea will be.

AI won't save us.

SENIOR LIVING

The sector should be stronger than it is. There's a chance for innovation.

NON-TRADITIONAL RETAIL, ENTERTAINMENT, AND F+B

These are all in growth mode, but some will blip and die.

SELF-STORAGE

Is still on the rise as consumers continue to buy in excess.

SO, NOW WHAT?

SO, AFTER ALL OF THIS... YOU STILL WANT TO BE IN THE INDUSTRY?

WHAT DO YOU DO? MICRO-MARKETS, WITH GOOD TRENDING DATA.

NICHE PROJECTS

START WITH 'WHY?'

STAY HYPER LOCAL

WHERE AND WHAT YOU BUILD IS KEY

ONCE YOU SEE IT IN A TRENDS PRESENTATION, IT'S OVER!!

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