



TREND REPORT

ANSWERING THE MOST ASKED QUESTIONS IN COMMERCIAL REAL ESTATE

“The commercial real estate market is currently grappling with significant change and uncertainty, driven by shifting economic conditions, evolving **consumer preferences**, and advancements in technology.”

Navigating these turbulent waters demands the expertise and insight of seasoned professionals who can anticipate trends and devise strategic solutions.

Kurt Volkman, Housing and Mixed-Use Sector Leader answers some of our client’s most burning questions about national trends:

WHAT KIND OF NEW OR INNOVATIVE APPROACHES TO FINANCING AND/OR DEVELOPMENT ARE EMERGING IN THE MARKETPLACE?

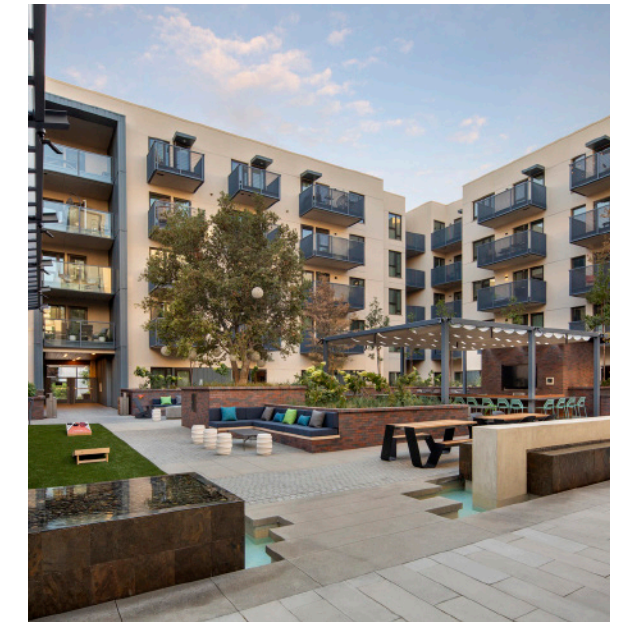
Recently we are seeing a greater emphasis on affordable

housing. In larger developments we are seeing a Mix of Ages Uses and Income Levels – what we call MAUIs, that help developers make a deal work overall. It allows for different funding sources and tax credits that allow for our developer partners to build their capital stack.

The market rate apartment rents can help offset the affordable and workforce housing rents. Workforce and affordable housing occupancy rates tend to be higher than market rate. In many ways, this approach is no different than how financial advisors tell you to structure your 401K, balancing short- and long-term risk to create a steady return.

ANY CURRENT DEMOGRAPHIC TRENDS IN MIXED-USE MULTIFAMILY? ARE THERE PARTICULAR DESIGN OR DEVELOPMENT APPROACHES THAT CAN HELP DEVELOPERS ATTRACT THEIR TARGET RENTERS?

In terms of demographic trends, senior living demand has not changed. There are only 50% of the units needed being built. Part of this is due to the fact that there are not many options for empty nester housing out there. HED is actively working on active adult community projects in Texas, Kansas, and Florida designed for residents aged 60+. It is a sub market that is growing nationally. But you need to think about it a little differently than traditional market rate housing. It should be attractive and facile. You are designing a lifestyle. These places



should be designed to a level of quality that make people willing to give up their homes. We are designing these projects now with younger boomers and older gen X in mind.

WHAT ARE THE EMERGING TRENDS AND INNOVATIONS WITH AMENITIES, PARTICULARLY THOSE THAT TAKE ADVANTAGE OF THE MIXED-USE NATURE OF THESE DEVELOPMENTS?

Whether it be a larger mixed-use development, or an individual building, we look to how we can design the building to maximize 18-Hours throughout the day. What types of uses generate the maximum foot traffic for that 18-hour period.

For example we have some clients that bring wellness and healthcare opportunities in with food and beverage thinking that one use will help support the other. We are especially seeing this in our active adult projects.

For more resident only amenities, we are seeing requests for flexible spaces where landlords and operators can provide a series of programmed events. For these spaces we try to make them as communal as possible to foster resident interaction around common interests.

WHAT ARE THE LATEST TRENDS/INNOVATIONS IN TRANSIT-ORIENTED DEVELOPMENTS?

MAUI – When thinking about mixed age use and income projects, part of their success is bringing people closer to employment opportunities much closer to their homes. If that could be adjacent to public transportation as well to help broaden those opportunities, that is even better. Ideally, what we are seeing more of is equitable transit oriented development projects.



HOW ARE MIXED-USE MULTIFAMILY DEVELOPMENTS MAINTAINING PRIVACY AND SECURITY FOR RESIDENTS, ESPECIALLY AMID ALL THE OTHER FUNCTIONS AND SPACES WITHIN THE DEVELOPMENT?

Part of our approach is to design projects, especially affordable housing, and senior living projects with the point of view of women being the primary residents. Statistically this is true. When you think about how you design for safety and security, we think about how a resident gets out of their car or off public transportation to get to the front door, so their approach is protected. From there we think about how a resident collects their mail and parcels and heads to their unit in the semi-public spaces of the building, keeping in mind visibility and oversight. Fundamentally, the lighting and acoustics need to be tuned to allow for the ability of a resident to control their environment. All these low-tech solutions must support the high-tech security system standards.

Beyond security, privacy is important. Ambient noise levels need to be managed. People all live different lives. In a Multifamily Building, you do not always want to be part of someone else's life. Maybe you do not care for your neighbor's music or their phone call fight with their paramour. Exposure to excessive levels of ambient noise can lead to physical and mental health

challenges for residents. It can also lead to poor retention for landlords. HED always discusses acoustic solutions from a layout perspective to treatments very early in the project to set a baseline approach.

ANY OTHER TRENDS IN MIXED-USE MULTIFAMILY?

Renovation of existing assets in this economy is popular. We are seeing many opportunities to fine tune properties by updating amenities to compete with new projects. HED has office-to-housing conversion projects ongoing. It is not as easy as it sounds. We have developed a series of [guidelines](#) that we share with our developer partners to help evaluate buildings for conversion. We have also hotel-to-residential conversions as well. Getting these projects to pencil can be a challenge but it is rewarding to give an existing building new life. Renovations and conversions can help the speed-to-market for these projects but it takes municipalities to be lock step with developers to make these projects successful.

HED

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