



Emerging trends in real estate development

As the Valley becomes a hotspot for financial, healthcare, educational and tech industries, commercial real estate development has had to keep up with emerging trends.



The September 12 REIAC Southwest Breakfast Series at CoStar featured four speakers who shared their visions of sustainability, new and future developments, new technology, and market predictions in their respective spaces.

Dan Henderson, CECD, Director of the Gilbert Office of Economic Development, discussed the Town's redevelopment efforts and plans for two anchor sites within the Heritage District.

"Big ideas change everything, and the need to adapt to conditions that create comfort for occupiers is paramount in shaping communities," Henderson said. "The Heritage District North Anchor is an example of that adaptation. We want to bring a mix of uses to our vision for downtown Gilbert."

The North Anchor calls for 500,000 SF of hotel, retail, parking, multifamily, office and an urban park. The advantage to such a project is that the Town of Gilbert owns the land.

Henderson unveiled plans for The Paseo, a north-south, car-free pedestrian and bicycle route that will link existing District neighborhoods with key redevelopment areas. It "conveys an example of how we to create the place where the market wants to invest," he said.

Henderson also unveiled the Heritage South Anchor comprised of retail, employment and parking and represents a new focus of activity and commerce. This anchor will strengthen adjacent commercial uses and spur development of nearby vacant parcels on Gilbert Road.

"The fundamental concepts illustrate the essential public amenities and infrastructure improvements that are necessary to stimulate our vision for 'wow!' and place," he said.

Karla Moran, Senior Project Manager, Economic Development, for Salt River Project, discussed green and sustainable initiatives for the benefit of customers and the communities SRP serves.

“Most of our vision comes back to how we engage with the community,” Moran said. “What are we doing? How are we making communities grow? How can we help with future development?”

SRP, Moran said, has experience partnering with key stakeholders and coming to the table asking for renewable energy ideas that support its sustainable, affordable and reliable goals.

“The goal is to reduce carbon emissions by 50 percent by 2035 and 90 percent by 2050,” she said. “This requires bringing on new renewables. Technology keeps changing and we have to keep up. Whether it’s battery storage or other sustainable methods, the main question is how are we preparing to be green?”

“The energy grid is complex, and it takes a lot to transition to cleaner energy resources while still maintaining a reliable and affordable energy supply. The SRP goals address the need to balance the reduction of carbon emissions with those key customer values,” Moran said.

The discussion segued from vision and sustainability to projections of asset classes by Jessica Morin, Director of Market Analytics, CoStar.

“Growth has been robust with the addition of 64,000 jobs over the past 12 months,” Morin said about the Valley. “Financial, insurance, technology and advanced manufacturing are adding to this growth. As are higher paying jobs. This is great for longer sustained growth. We are moving away from boom and bust to a more mature metro area.”

Growth is also buoyed by:

>> A hot multifamily market with the top rent growth in the country supported by pent up demand and 5.8 percent vacancy rate;

>> A growing amount of new office spec space in Tempe and Chandler getting scooped up;

>> Large users like Nike, Microsoft and Amazon gobbling up land and buildings in the West Valley; the Loop 202 South Mountain Freeway will be a boon for the Valley.

>> An evolving retail market where new supply has largely moderated to 6 MSF of development over the past three years.



Keyvan Ghahreman, Director of Client Preconstruction Services, Willmeng Construction, shared how new technologies are impacting the construction industry.

“BIM, laser scanning, augmented reality, pre-fabrication, and drone site mapping are all part of current construction technologies,” Ghahreman said. “These technologies are being applied in a variety of ways to help plan and execute projects.”

The technology he predicts will have a huge impact on the industry?

“Using a version of robots to augment labor,” he said. “Pre-fab? It’s being deployed effectively in the U.S., and larger scale applications have been taking off in Europe and Asia. On a larger scale, it’s good for certain property types such as multifamily and hospitality, in which whole living spaces can be pre-manufactured repetetively. Data capture and mining will help the industry work more efficiently.”