

# 12 Emerging Commercial Real Estate Trends From 2020

In a Tumultuous Year, the CRE Industry Saw New Tenant Demands and Investor Opportunities



Exterior of W4 in Austin, Texas. (Andrea Calo)

2020 was an eventful year, to say the least. Defined by a pandemic unlike any we've seen in our lifetime, stay-at-home orders and a resulting recession with millions of people out of work, it would be an understatement to say the commercial real estate industry was shaken up this year.

A majority of companies transitioned to full-time remote work arrangements, causing them to reevaluate their office space needs and what they're looking for in a work environment going forward, fostering interest in smaller, more private boutique properties and making health-conscious features a priority. Meanwhile, the same stay-at-home orders put a strain on the restaurant and retail industries, and business owners had to come up with creative solutions, like new outdoor dining set ups, to stay afloat.

In the investment arena, buyers saw new opportunities to capitalize on hard-hit assets, primarily hotels, while other sectors proved their resiliency, such as industrial and warehouse buildings that came out ahead due to a sharp spike in online shopping and grocery deliveries.

From what tenants will be looking for in their office space from now on to the best opportunities for real estate investors, LoopNet compiled articles showcasing some of the notable new trends in the industry as a result of the pandemic.

### **[Broker Bets on Demand for Private Office Space](#)**

Boutique-style office buildings and suites have proved popular with tenants seeking space that allows for social distancing during the coronavirus era, with private entrances, lobbies and amenities that don't have to be shared with other businesses, says California brokerage firm Zacuto Group.

## **5 Ways Coronavirus Will Drive Future Office Development**

The pandemic steered developers and tenants alike to focus on creating a healthier workplace overall, opting for activity-based workspaces, hospital-quality HVAC systems and fewer people in the office.

## **Office Tenants Mostly Holding On to Existing Space Into 2021**

In its November 2020 “Are Businesses Leaving Cities?” report, Cushman & Wakefield found that renewals represented 29% of all the leases signed in the two most recent quarters — a notable uptick from the historical average of 19%.

## **New Demand for Life Sciences Properties Offers Investor Opportunity**

Life sciences real estate in hubs across the nation will play a pivotal role in vaccine research and development, drug manufacturing and future innovations in post-pandemic health and wellness, creating a new opportunity for investors.

## **'Reworking Retail' Creates Opportunities for COVID-Conscious Custom Offices**

Two trends in a turbulent ocean of commercial real estate leasing and development have converged — brick-and-mortar retail is sinking, while boutique, wellness-centric office demand is swelling — and Northwood Retail is riding the resulting wave by capitalizing on conversion opportunities.

## **Offices Must Be 'Community Focused' in Telework Era, Architect Says**

The evolution of where and how we work means businesses must make a greater effort to transform the physical office into a location that employees are eager to work from. LoopNet spoke with Patrick Donnelly, client leader at Cincinnati-based BHDP Architecture, about how companies can balance the desire for telework with the need to foster connectivity and a sense of corporate identity.

## **E-Commerce Surge Drives Growth of Last-Mile Fulfillment Centers, Dark Stores**

The pandemic has caused a growth spurt in online shopping, forcing retailers big and small to transform and upgrade their last-mile logistics systems to be closer to consumers to keep up with demand, leading to investments in micro-fulfillment centers (MFCs), dark and semi-dark stores (stores that have been closed to customers and repurposed into local fulfillment centers); and hybrid solutions.

## **Coronavirus Ignites Opportunities in Cold Storage**

Coupled with a growing need to increase pharmaceutical capabilities in the United States, cold storage now stands out as an increasingly important part of the supply chain and offers opportunistic investors a chance to seize on an asset class that shows resiliency amid a downturn.

## **Ghost Kitchens Grow As Eat-In Restaurants Close Their Doors**

As restaurants across the United States closed their doors in the wake

of the coronavirus pandemic, new delivery-only endeavors gained market share and prep-only establishments expanded to meet a growing demand for food delivery.

### [Architect Develops Design Schemes for Outdoor Dining](#)

The indoor closure of restaurants brought all dining outdoors with the creation of new patio configurations, innovative ways to serve dinner outdoors during winter, "streeteries" and parking lot patios.

### [Occupancy Down, Opportunity Up? Online Auctions Show Surprising Sales for Hotels](#)

Hospitality asset sales have been surprisingly strong throughout the pandemic on online auction sites, and while some investors might be wary of hotel assets in the current climate, it could also be the ideal time for opportunistic buyers to take a chance.

### [Suburban Apartments Show New Signs of Demand](#)

With cities quiet and many employees working from home for the foreseeable future, urban residents are questioning whether continuing to opt for smaller spaces at higher rents is worth it anymore.

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