

# Spot the Trends and Spot Their Trigger

Opportunities Abound in Commercial Real Estate (CRE) if you are Thinking Ahead



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Takeaway for CRE practitioners: think about all trends as you see them developing and imagine what implications they may have on need, location, size, and function of sites, whether land or retail or hotel or office or multi-family locations. Think “where the movements of people will be” as we transition to a denser city with more transit routes. Traffic patterns are what CRE is all about.

Happenings seemingly unrelated to CRE are taking place all the time. Success can come from spotting them and surfing forward on the trends.

Here are some historical examples which may give you, dear reader, ideas for spotting some of these trends.

## Interstate Highway System went in over about twenty years nationwide...

- **Which led to:** all existing tourist courts, motels and highway cafes on national highways leading into cities being bypassed and left with seriously decreased business... many of these tired lodging facilities were re-purposed into other CRE uses
- **Which led to:** the appearance of “franchised” hotels and motels on the “bypasses” (Interstates) around the cities, and an unprecedented demand for new hotel sites to accommodate a surge of leisure and business travelers...these hotels had to have restaurants in them since there were no free-standing ones around, and hotels were 120 rooms plus to concentrate enough guests to support their restaurants and bars
- **Which led to:** Asian immigrants and others buying the old distressed / abandoned tourist courts at bargain prices, and moving in to operate them with their families

## The Pill became available for birth control...

- **Which led to:** liberation of women from surprise and unwanted pregnancies
- **Which led to:** employers giving them better jobs in the workforce, including law, medicine, general corporate, CRE, and many other professions
- **Which led to:** many of our brightest women leaving teaching and nursing, which had been two of the few respectable professions for women
- **Which led to:** working women/wives returning home after work being too tired to cook

- **Which led to:** appearance of “franchised fast food” restaurants with drive-thru pick-up windows – “just pick up a bucket of chicken from The Colonel on your way home, Mommy”...tens of thousands of sites for these small efficient restaurants were sold nationwide
- **Which led to:** hotels being able to drop food and beverage operations now there were a large variety of restaurants all around, all of which were on the Interstate
- **Which led to:** hotels being able to operate as smaller rooms-only properties, with less land for parking lots and cheaper to build
- **Which led to:** affordability of these new, smaller hotel prototypes for the now experienced Asian and other small operators who had cut their teeth on the abandoned tourist courts years before...now Asian Americans control a majority of mid-segment hotel rooms nationwide
- A Criminal Rape by a man posing as a hotel maintenance man in a hotel with rooms whose exterior doors opened onto the parking lot...
- **Which led to:** all the major hotel chains going to interior corridor prototypes which offered controlled room access with more security and lower insurance premiums
- **Which led to:** smaller hotel building footprints and smaller site requirements, since hotels and motels now -instead of being sprawling exterior corridor design-were now compact and mid-rise

## AIDS/HIV Panic...

- **Which led to:** disco clubs/restaurants shutting down nationwide as patrons feared possible death from casual sex from strangers met at clubs
- **Which led to:** proliferation nationwide of fitness clubs and facilities promoting a healthy lifestyle, although the patrons still “danced” in aerobic and other exercises wearing the same skimpy Lycra outfits-or

similar-that they had worn to the nightclubs, AND much of the fitness training was done to...disco music

- **Which led to:** the re-purposing of many big box retail locations into fitness centers, benefitting landlords since these centers required huge square footage
- **Which led to:** consumer demand for eating ‘organic’ foods, which led to a whole new class of grocers promoting a fit and healthy lifestyle
- **Which led to:** multi-family developers targeting Whole Foods stores and other large organic grocery stores nationwide with high-rise development for seniors side by side with the grocer
- **Which led to:** grocers beginning to provide take-out food prepared from on-premise chefs
- **Which led to:** residential units which were smaller and more affordable since they did not need a large kitchen
- **Which led to:** more affordability to increasing numbers of empty-nesters who wanted to downsize
- Which led to: concentration of residential population in walkable neighborhoods
- Which led to: population density, which led to feasibility of more mass transit
- Which led to: a reduced need for automobiles-now one per couple suffices
- Which led to: reduced parking requirements for developers, fewer car dealerships, and fewer automotive support businesses, such as tire and battery, repair shops, etc., and with corresponding slack-off in demand for sites and buildings

And on and on...an interesting exercise is to take the smartphone, and track what it has replaced: cameras, watches, maps, and how it has probably reduced crime, since every bystander now carries a video camera.