

Navigating commercial real estate trends in 2023 and beyond

By [Brent Townes](#)

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The commercial real estate sector is constantly evolving, shaped by economic shifts, interest rate movements, technological advancements, disruptions like the pandemic and changing consumer behaviours, with forecasters predicting that the commercial real estate landscape is poised for even more transformation.



Brent Townes, commercial property chief operating officer for Lew Geffen Sotheby's International Realty. Source: Supplied

It's important for investors and real estate professionals to stay abreast of these fast-changing and emergent trends in order to navigate the evolving landscape and leverage emerging opportunities for success in the years to come.

Here are the key current and emergent trends that will shape the future of the commercial sector.

Rise of e-commerce and last-mile logistics

The growth of e-commerce has had a profound impact on the industrial real estate market, and this trend is expected to continue – and grow - in 2024 and beyond.

The need for strategically located warehouses and distribution centres and mini hubs to facilitate efficient last-mile delivery will remain high and developers and investors are already repurposing existing properties or constructing new facilities to meet the demand of e-commerce giants and third-party logistics providers.

The focus will be on developing flexible and technologically advanced spaces that can accommodate rapid delivery requirements and increased automation.

A case in point is the need for an intact cold chain that moves goods from farm to processor to packing to loading and into port – all of which should be integrated, whether on a blockchain or in a digital format.

Evolving work models and flexible spaces

The office real estate sector is undergoing a paradigm shift as remote and hybrid work models gain prominence and businesses are likely to continue to adopt flexible work models, leading to an increased demand for flexible office spaces.

Coworking spaces and hybrid models that combine remote work with occasional office use have become more prevalent and office designs will focus on creating collaborative and engaging environments that foster innovation and employee well-being – this will continue.

Landlords and property owners will need to adapt their spaces to cater to these changing work dynamics, offering amenities like shared meeting rooms, technology infrastructure, and community spaces.



Repurposing and experiential concepts

The retail sector has been significantly impacted by e-commerce, leading to a need for creative strategies to repurpose retail spaces, and we are already seeing this trend gaining momentum, with developers transforming vacant spaces into mixed-use developments that combine residential, office, and entertainment components.

The success of live, work, play precinct development is being guided by a need for a more integrated society on the one hand and a cost-effective approach for workers to cut unnecessary travel costs on the other.

Going forward, the focus will be on creating vibrant, multifunctional spaces that offer unique experiences and cater to evolving consumer preferences. Retailers will increasingly integrate online and offline channels to provide a seamless shopping experience, while innovative concepts like experiential retail, pop-up shops, and community-driven spaces will thrive.

Technology integration and smart building solutions

Technological advancements will continue to shape commercial real estate and the integration of smart building technologies will become increasingly common, enhancing energy efficiency, security and tenant experience.

Building management systems will monitor and control various aspects of a property, optimising resource usage and automating maintenance processes, and artificial intelligence (AI) and data analytics will provide valuable insights for property owners and managers, enabling them to make informed decisions and improve operational efficiency.

In addition to the use of smart buildings and alternative building technologies is the impending digitalisation of the Deeds Office – something that has been touted for a few years.



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Sustainability and ESG initiatives

Sustainability and environmental, social, and governance (ESG) considerations have become integral to commercial real estate strategies, and we can anticipate an increased focus on sustainable building practices, energy-efficient designs, and renewable energy sources.

Green certifications, such as Leed (Leadership in Energy and Environmental Design) and the Well Building Standard, will continue to be sought after by investors and tenants alike, and commercial real estate developers will prioritise sustainability to attract environmentally conscious occupiers and align with global sustainability goals.

Demand for life sciences and healthcare real estate

The life sciences and healthcare sectors have experienced rapid growth and innovation, driving increased demand for specialised real estate.

We can expect a surge in the development of life sciences and healthcare properties, including day hospitals and step-down facilities, research facilities, pathology and biotech labs, and medical office suites – this is despite the looming NHI transformation which will be challenged legally, politically and from vested interests.

The ongoing focus on healthcare infrastructure and the need for advanced medical research facilities will continue to drive this trend, presenting lucrative investment opportunities in these specialised real estate segments.



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To thrive in this evolving environment, commercial real estate professionals and investors must remain agile, adapt to changing demands, and leverage emerging opportunities.

By staying informed about these trends, industry stakeholders can navigate the commercial real estate landscape successfully in the years to come.

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