



2017

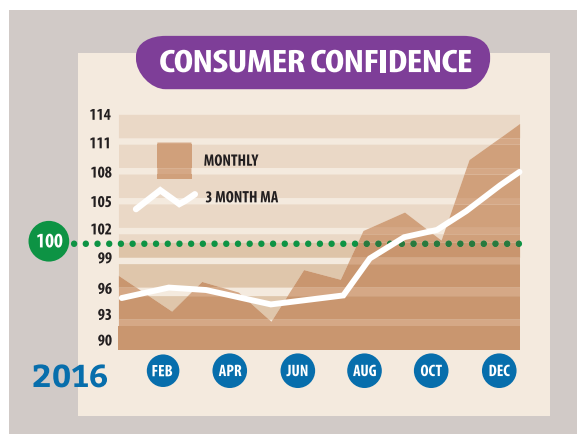
TREND REPORT

Commercial
Construction

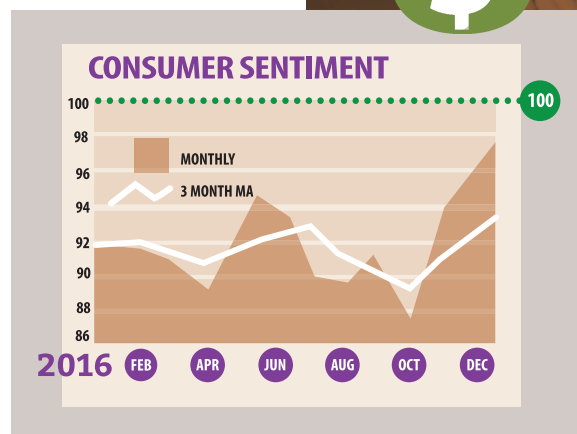


Consumer Spending Power

Looking ahead to 2017, this is one year where there's cause for celebration in all commercial market sectors. According to Forbes, wage deceleration has bottomed out and is expected to begin growing faster than inflation. That means a good hike in spending power—which translates into more consumer confidence and spending.



Source: Moody's Analytics



Having established that 2017 appears to be a year of opportunity, how can you position your business to be among those that prosper?

In examining the data as well as design and construction trends, two themes run throughout each market sector: it's all about technology and the experience.

Whether constructing a new building or renovating an old one, consumers (largely driven by a mass of millennials who now have money to spend) are looking for more—more real world experiences to draw them away from their technological epicenters while still, ironically, catering to their desire for more tech.

Here's how that looks within specific market sectors

2017

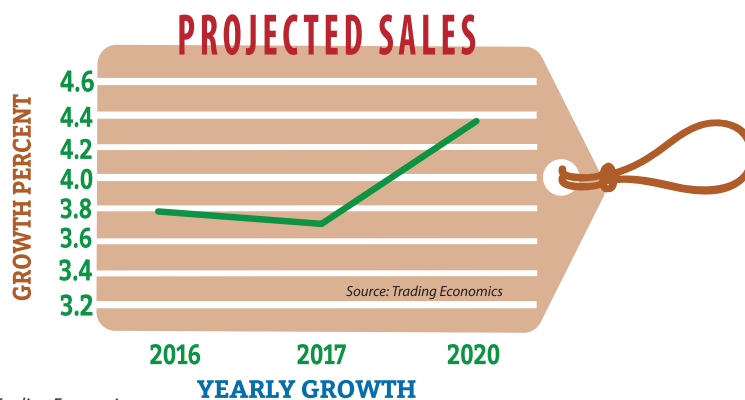
RETAIL

3.7%
GROWTH



General Retail

Whether shopping centers or grocery stores, retailers today must offer experiences to lure people into their brick and mortar sites. Status quo will do no more. Your store must offer something special—something to make it personal, unique, memorable.



Source: Trading Economics

In 2017, retail design and construction will lean toward more onsite entertainment and more green, both in terms of space and sustainability.

Green space allows opportunities for consumers to linger and for retailers to provide more entertainment, such as concerts and other outdoor events.

To draw consumers inside, plan activity centers designed to attract your target market. Think video gaming, pool or ping pong centers or spaces for socializing such as onsite coffee shops, wine bars or cafes offering artisanal foods. Also trending will be store designs that allow for experiential shopping, such as fashion shows, how-to demonstrations and classes, trunk shows or art fairs.

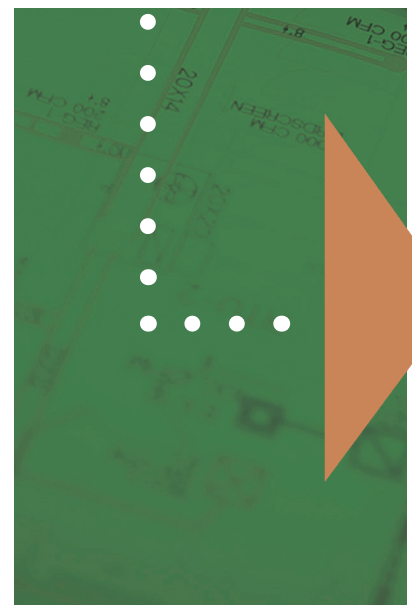
With an increasing affinity for companies that promote sustainability, green design will also trend upward. In fact, 37 percent of women are more likely to pay attention to brands that are committed to environmental causes, according to Kevin Horn, vice president of global architecture practice and interior designer for RTKL in Building Design+Construction. And 85 percent of brand-driven purchases are made by women. While LEED certification is the gold standard, Horn notes that zero-net energy retailers will also attract today's consumer.

And let's not forget that ever-important technology factor. Forward-thinking retailers are working new technology into their building systems that will facilitate everything from faster checkout to interactive screens in dressing rooms.



Design and build for these trends:

- Entertainment
- Activities
- Socializing
- Demonstrations and classes
- Events
- Green space
- Green design
- Increased technology (for onsite shopping as well as purchasing)



Grocery

These retail trends hold for grocery retailers, too. It may be a bit easier to get consumers into the store, but the experiential components will be what keeps them there—and shopping more.

Millennials are more likely to shop with others, meaning that onsite socializing space and services will be a draw. Designing a space for cooking classes could be especially helpful. Research from the nation's leading online grocer Peapod found that 72 percent of its 1,063 respondents cook at home at least four nights per week, and a third of them plan to cook even more often at home in 2017. Additionally, millennials are twice as likely as baby boomers to cook at home, and 45 percent of them want cooking classes.

Also consider that six in 10 millennials have purchased from Blue Apron, Hello Fresh or Plate. Does your market offer an alternative that provides the same convenience but features local products?



2017

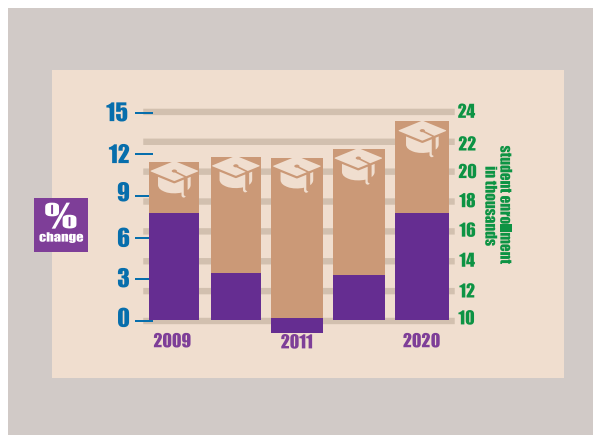
MUTI-TENANT HOUSING

13%
GROWTH



Student Housing

Projected growth: The industry is on target to increase student population by 13 percent (to 23 million) between 2009 and 2020, and is expected to continue rising through 2050.



According to the CCIM Institute, the typical student housing unit configuration is a furnished suite with a common space for living and cooking and three or four private bedrooms with corresponding bathrooms.

But as colleges and universities compete for students, student housing is evolving to offer widespread appeal and attract and retain the masses, creating a trend toward lavish amenities, vast social spaces, full-sized theater studios and dedicated study spaces. And, of course, all of it comes with lots of internet bandwidth.

As schools start to consider student housing an extension of their brand, student living spaces are taking on new aesthetic features, including reflecting pools, walls designed to display artwork, resort-like pools and decks and retail spaces. In addition, housing has top-of-the-line products for flooring, countertops, appliances and more.

Onsite convenience services, such as snack bars, coffee shops, fully outfitted fitness centers and services such as laundry, dry cleaning and housekeeping are increasingly popular. By providing these services, students are able to spend more time focusing on their studies and less on the mundane tasks that are a part of life.

Design and build for these trends:

- Lavish amenities (coffee shops, gyms, etc.)
- Social spaces
- Theater studios
- Dedicated study spaces
- Massive internet bandwidth
- Aesthetic appeal
- Dense, vertical structures

Student Housing

Dedicated academic or study areas will also gain in popularity.

Think chic study pods, like those offered at Southern Methodist University, or cushioned benches in a semi-private enclosure, like at Oklahoma State University, as noted by Building Design + Construction. At the University of Maryland, lower levels of one residence hall have seminar and study rooms as well as a multi-purpose room that seats 140. Even in off-campus housing, common spaces are being developed with the knowledge that they will be frequently utilized for group or private study.

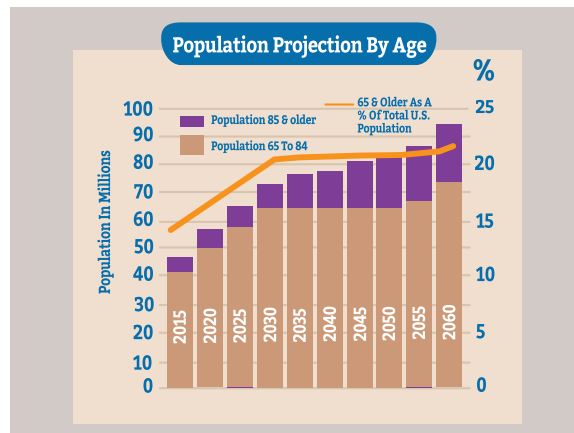
Building Design + Construction also notes that housing at San Jose State University has student lounges on every floor, and at Cornish College of the Arts, students gather in a fireside lounge. These common or “random collision” areas indicate that much of what students learn while at college happens outside of the traditional classroom.

To be a contender in the housing market, it's essential that student housing be located within walking distance to campus. Because nearby land can be difficult to find, housing is trending toward vertical projects. That can mean everything from a five-story building with above-grade parking on a small 2.5-acre site to a 20-story high-rise building.



Senior Housing

Growth Outlook: Level in 2017 followed by a spike to accommodate aging boomers (National Investment Center for Seniors Housing & Care)



Source: U.S. Department of Housing and Urban Development

The millennial generation isn't the only one that wants more; baby boomers, born between 1946 and 1964, do too.

As more active lifestyles and improved health care have people living longer these days, more senior housing will be needed in coming years. But that doesn't mean boomers will be beating down the door to get in before it's absolutely essential. The idea here is to create housing that makes them want to come and, as long as you want to provide transitional care to assisted living and beyond, keep them with you as long as possible. It's wise to focus less on developing a structure where seniors need to live and more on creating one where they want to live.

That's driving trends that in many ways mirror other market sectors: they want more. That's why you'll see amenities similar to what you find in hotels permeating the senior housing market. That means fitness and business centers, lounge areas for socializing and entertainment and dining spaces like restaurants and bars. Such amenities will allow seniors to live a vibrant, active lifestyle for as long as possible.

Like their younger counterparts, this new set of seniors is wired—not to mention all the new technology designed to make living independently easier. We're talking more than remote controls and life alert buttons. Seniors can also benefit from medicine reminders and dispensers, smart watches and even geo-fencing to keep seniors with dementia safe.

Additionally, create health care management programs, offer in-house physical therapists and provide other health-oriented benefits.

The inherent bonus to this approach is that it will differentiate your space from other senior living providers, thus giving you the competitive edge in an industry that is likely to become increasingly competitive. Plus, you can take it one step further and provide the services and amenities to area seniors who are not yet ready to move from their homes. Chances are, if you serve them well, your facility will be the one they choose when the time comes.



Design and build for these trends:

- Hotel-like amenities
- Onsite entertainment, restaurants and bars
- Common lounge space
- Technology designed to increase independence
- Health promotion services
- Ability to accommodate nonresidents



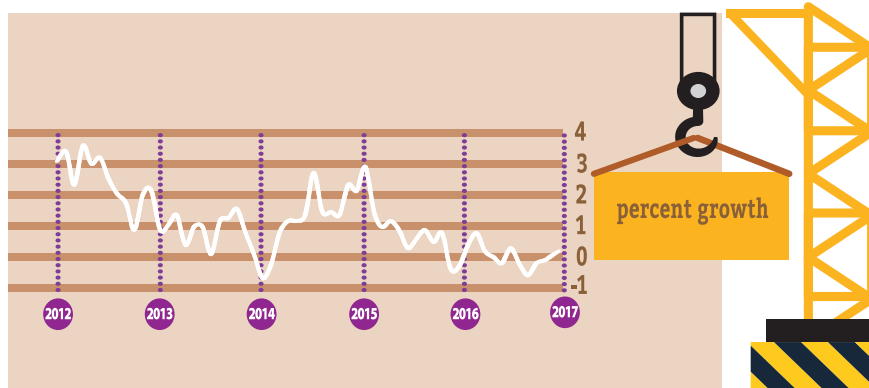
2017

MANUFACTURING

<1%
GROWTH

Manufacturing

Projected growth: <1 percent *Manufacturers Alliance for Productivity and Innovation*



While projected growth for 2017 appears static, manufacturing is expected to increase beginning in 2018. That makes 2017 a good year to begin planning for a new era in manufacturing.

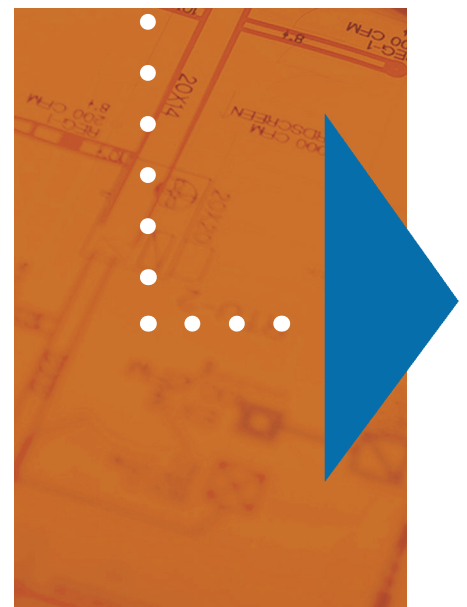
Robotics and 3D printing are two big trends to watch. While robotics have been around for a while, particularly in the automotive industry, look for them to grow in popularity as technology advances around remote monitoring and vision systems. And more manufacturers will be adapting 3D printing as it allows for quicker, less-expensive production. From a construction perspective, we've seen 3D printers used to create everything from public restrooms in China to steel nodes for a lightweight construction project at Arup. But it's taking hold even faster in general manufacturing across all industries. 3D printed products are now being used to create everything from parts for British fighter jets to prosthetic limbs.

Nearsharing is another technology to consider in 2017. By designing this monitoring system into your manufacturing plant, a remote processor can monitor your machinery 24/7. The process then can alert you when it senses an impending problem and can recommend solutions. With nearsharing you can catch problems early before they slow down or freeze your operations.

One trend that overlaps with the other market sectors discussed in this report is sustainability. While not a new trend, we anticipate more companies will ramp up lean manufacturing efforts to reduce pollution and waste while employing increased renewable energy sources. That will go over well with consumers who are increasingly drawn to earth-friendly products. Perhaps the best news is that once you've invested in green construction and practices, you'll see increased savings on manufacturing costs.

Design and build for these trends:

- Robotics
- 3D printing
- Nearsharing
- Sustainability



2017

WAREHOUSING

2%
growth



Warehousing

As web-based shopping increases (which it is doing rapidly with no end in sight), so does the demand for warehouse space and fulfillment centers. Current demand is outpacing supply to such an extent that Dodge Data & Analytics is forecasting 10 percent growth in warehouse construction starts.



The objective in these new starts is to fulfill orders in faster, cheaper and greener ways, so functionality, safety and productivity will be at the core of their design—along with flexibility to accommodate future growth.

Future growth opportunity is one of the biggest drivers in design right now; think building footprint, knock-out panels in exterior walls.

All of this growth will be to move goods, services and people faster, cheaper, safer and greener, leading to these design and construction trends.



Design and build for these trends:

- Adaptable space
- Green construction
- Growth capacity
- Office and computer centers
- Loading docks and truck space
- Optimized fire protection (those plastic sleeves are flammable)
- Circulation paths



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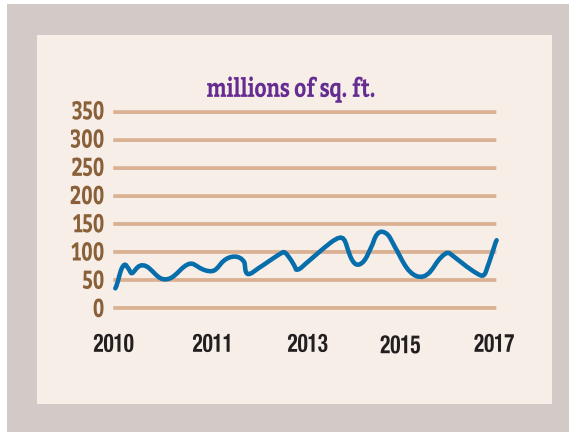
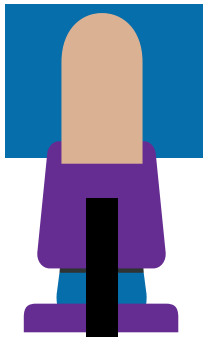
OFFICE SPACE

10%
growth



Offices

The number of private office buildings is expected to continue increasing through 2017 and 2018, a trend that's the product of the past and the future.



Source: Dodge Data & Analytics



Design and build for these trends:

As the economy has recovered from the 2008-2009 recession, professional services firms, including financial, engineering, computer, marketing and most others, have steadily recovered.

At the same time hordes of talented millennials are coming of age, entering the economy and fueling spending while also creating the need for more staffing and the talent to fulfill those needs.

It's that millennial generation that is driving much of the design and construction now underway and forthcoming as employers are striving to create a work environment that appeals to them. The result: offices are taking on a decidedly new look and feel.

This is a generation that appreciates collaboration and the social aspects of work, but they also value their own quiet space to focus. They are also a generation that tends to work to live, rather than live to work, so incorporating features like a workout space and a gathering spot for social interaction will be key drivers in future design and construction.

- Consolidation to central locations
- Smaller technology = smaller workplaces
- Smaller workplaces = more collaborative work areas
- Natural light and glass walls to let it through
- Bike parking
- Healthy food choices and other wellness-focused spaces
- Lightning-fast internet
- Green construction



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