

E-Commerce Acceleration and its Impact on CRE Today and in the Future



Thanks to COVID, the acceleration of e-commerce has quickened the pace of an already industry-shaking online shopping revolution.

Today's circumstances have caused the e-commerce to brick-and-mortar balance to drastically shift - and the resulting impacts on CRE can be felt in nearly every sector.

From industrial to retail, the e-commerce boom is affecting commercial real estate at large. The stakes are changing daily as the pandemic develops and everyone wants to know what's coming next.

What's happening today is set to change the business of commercial real estate forever. The strategic counter-moves being implemented right now won't fade when the virus clears as it's set to reshape CRE as we know it.

Here's what the industry's experts have to say about how the current surge in e-commerce is going to impact CRE - now and into the future.

The Post-COVID Consumer

Incredible data is being collected and analyzed regarding consumer responses to COVID - and it's giving us some ideas about what the general population will look like post-pandemic.

E-commerce yields have increased by 40%. Forty-two percent of consumers are shopping online more since the outbreak took off, and online stores have seen a 28% boost in revenue since the country went into a state of emergency.

All the while, consumers are growing short on patience and want even more instantaneous gratification from e-commerce.

People are looking to totally replace the physical shopping experience with the digital alternative, which means that warehousing will need to pick up their pace to keep up with consumer demands.

E-Commerce Acceleration and its Impact on CRE Today and in the Future

Industrial Pivots to Market Demands... Again

As consumers become more stringent on their e-commerce conditions, industrial CRE will be taking up the responsibility and actualizing these trends.

More online orders mean that industrial real estate will be expanding yet again. Any pre-COVID predictions for an industrial sector slowdown won't be coming true as the warehouse industry goes beyond all expectations for growth.

- Investors will zero-in on industrial for a safe, productive, and failsafe CRE asset.
- Warehouses will likely need more space to accommodate the new volume of business.
- Last-mile logistics need to grow to get people their goods ASAP.
- Parking lots and loading zones will need to be expanded to keep up with brimming pick-up and delivery schedules.
- Finally, tech will play a more hands-on role in staying optimized and organized after COVID.

New Spatial Requirements for Brick-and-Mortar

The blending of online and brick-and-mortar retail will enter into a new phase after COVID.

As the concerns bred by the virus continue to shape the future, BOPIS (buy-online-pick-up-in-store) will likely change CRE's retail tenant demands regarding physical space.

During the pandemic, more shoppers have grown accustomed to the BOPIS flow and new adopters will carry on the habit. Retail tenants will want to expand their order pick-up areas and even have separate storage units for these orders. This e-commerce trend will necessitate industrial elements to be blended into retail assets.

CRE is changing right before our eyes, and the only way to keep abreast of the latest trends is to expect the unexpected and prepare for the industry's future moves.

