

**FROM CONCEPT  
TO COMPLETION**



Welcome to 2025, where the economic and construction outlook is shaping up to be one of cautious optimism — again. Interest rates are finally beginning to ease, a major election is in the rearview mirror, technology is driving innovation, and new opportunities are emerging, but challenges like labor shortages and fluctuating costs persist.

That’s why we create this annual trend report: to give you a clearer picture of the opportunities, the forces shaping those opportunities, and how to design and build to make the most of your construction investments.

Of course, no forecast is without its surprise exceptions. If you have a vision for a commercial property or a project in mind, we’re here to help. Our team of predevelopment, design, and construction professionals is ready to guide you through the complexities of 2025 and beyond, ensuring your project is not just built, but built for success.



Chris Walters  
CEO and President

## CONTENTS

2025 Economic Outlook Spurs Optimism . . . . .	1
Reasons for Optimism . . . . .	2
...and Caution . . . . .	3
Opportunities Across Sectors. . . . .	3
Data Centers: Keep Watch in the Upper Midwest. . . . .	4
Factors Driving 2025 Design-Build Trends in Commercial Construction . . . . .	5
The Ins and Outs of Building Design in 2025. . . . .	6
Hospitality Trends: The Year of Personalization . . . . .	7
Restaurant Trends: Efficiency Meets Experience . . . . .	9
Industrial Trends: Building the Next Era. . . . .	11
Manufacturing Momentum . . . . .	11
How Warehousing Stacks Up . . . . .	13
Multifamily Housing: Rising Demand, Evolving Design . . . . .	15
Senior Housing: The Age of Opportunity . . . . .	17
Offices: The New Reality. . . . .	19
Retail and Grocery: Reinventing the Marketplace. . . . .	21
Retail Revival . . . . .	21
Grocery Faces Fresh Frontiers . . . . .	23
From Concept to Completion . . . . .	25

# 2025 Economic Outlook Spurs Optimism

As we look ahead to 2025, the construction industry finds itself at a turning point. After several challenging years marked by high interest rates and inflation, the outlook is beginning to shift. Lower borrowing costs are setting the stage for growth, even as familiar challenges like labor shortages and supply chain disruptions persist.

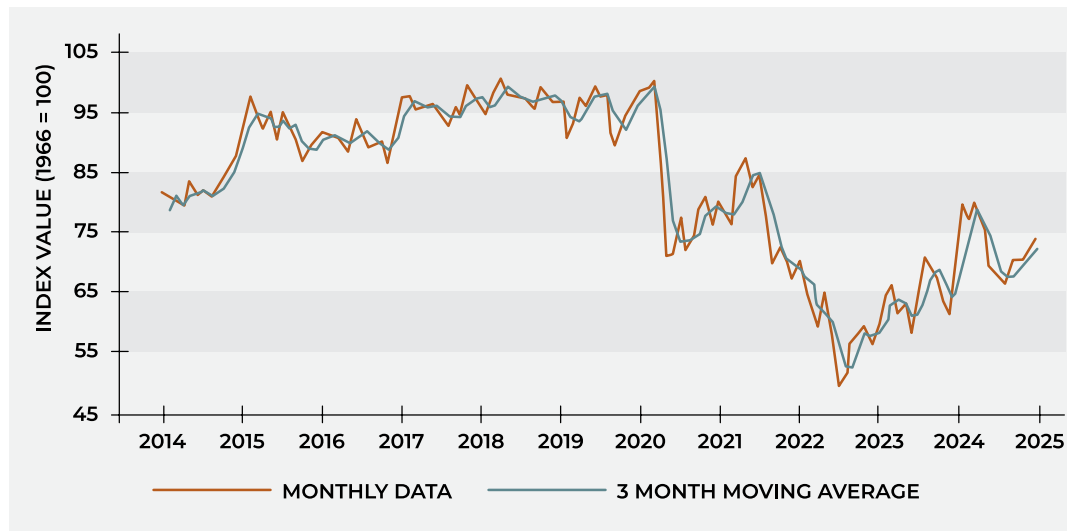
Economic  
growth  
by GDP

2.3%

Source: Conference Board

## THE INDEX OF CONSUMER SENTIMENT

Source: University of Michigan



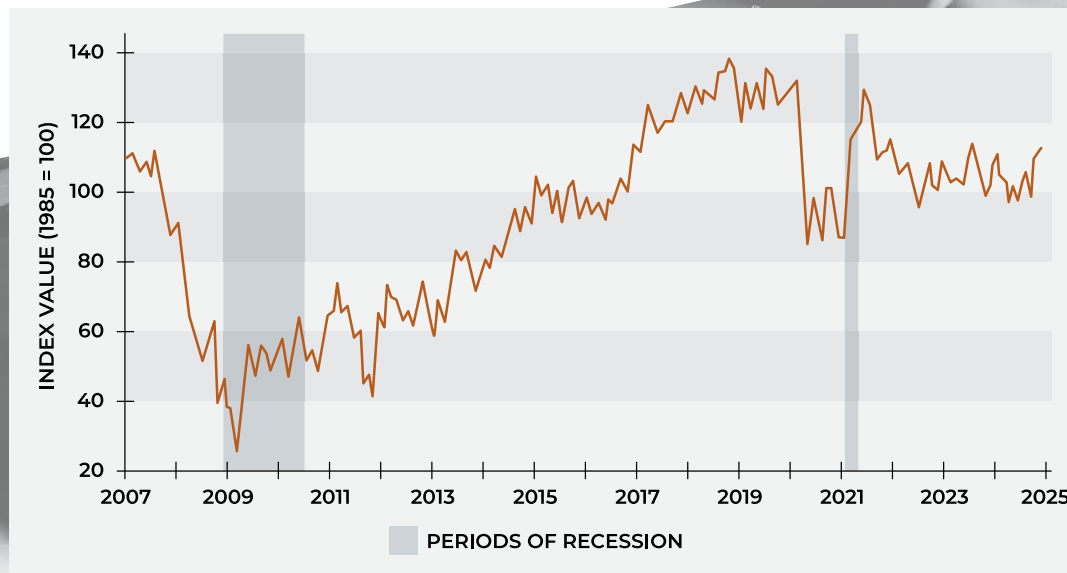
Construction  
Starts

5%

Source: Dodge Data

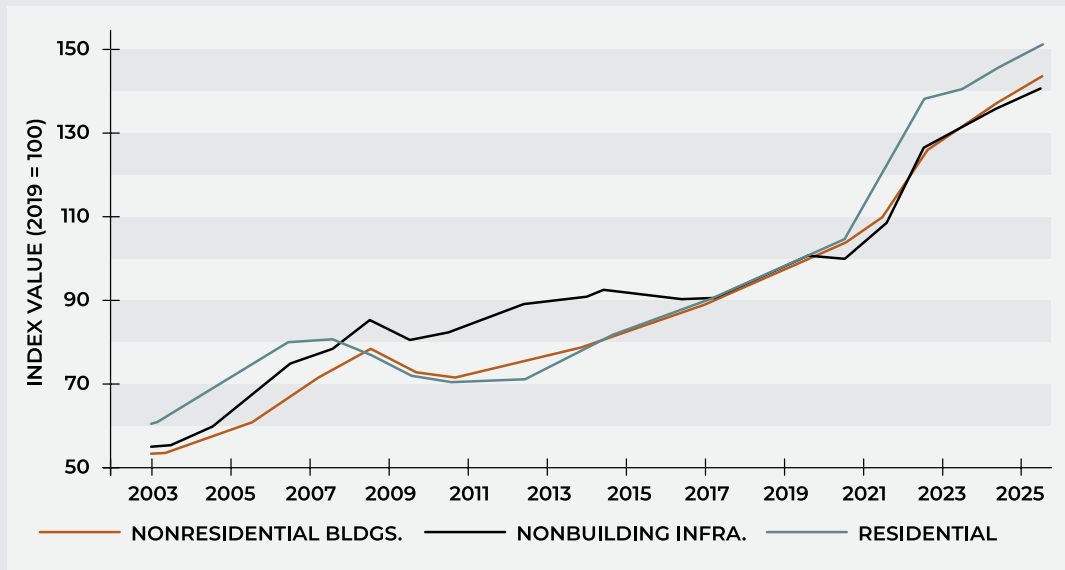
## CONSUMER CONFIDENCE INDEX

Source: The Conference Board



While no one, including experts and crystal balls alike, can predict every twist and turn, the economic forecast offers plenty of reasons for optimism — and a few areas to watch closely.

## CONSTRUCTION ANALYTICS BUILDING COST INDEX CONSTRUCTION INFLATION



Source: EdZarenski.com

Key economic trends suggest 2025 will be a year of recovery and progress for construction.

### REASONS FOR OPTIMISM

#### Lower Interest Rates and Improved Financing Conditions

The Federal Reserve's recent rate cuts — totaling 100 basis points in 2024, with another 50 basis point reduction expected in 2025 — are beginning to ease financial pressures across the industry. For developers and property owners, this means lower borrowing costs and a better environment for breaking ground on long-awaited projects. Residential construction, in particular, is set to benefit, with Yield Pro projecting multifamily starts to rebound later in 2025 for 5.63% growth in 2025 and another 15.4% in 2026.

#### Resilient Consumer Spending and Economic Growth

Despite economic uncertainties, GDP growth is forecasted to remain stable at around 2% in 2025, indicating that the economy is avoiding a recession and maintaining consumer and business activity. Resilient consumer spending supports demand for retail and hospitality projects, with notable increases expected in hotel and retail construction starts.

#### Growing Demand for Urban Redevelopment and Mixed-Use Spaces

The shift toward converting underused office buildings into multi-functional spaces (e.g., residential, retail, and cultural hubs) presents new opportunities for commercial developers to revitalize urban centers. Mixed-use developments remain a top priority in many cities, responding to tenant preferences for integrated, walkable communities.

#### Increasing Megaprojects

Megaprojects like Mayo Clinic's "Bold. Forward. Unbound." initiative are transforming regional markets by driving significant investment in healthcare infrastructure, attracting skilled labor, and spurring related commercial development. These large-scale projects enhance regional economic activity, stimulate demand for supporting industries, and position the area as a hub for innovation and growth in healthcare services.

#### Technological Innovation Driving Cost-Efficiency

Construction technology, such as BIM, digital twins, and robotics, is enhancing project efficiency, reducing costs, and improving timelines. Plus, the adoption of modular construction and prefabrication techniques is expected to grow, contributing to faster and more sustainable project completions.

## ...AND CAUTION

### OF COURSE, IT'S NOT ALL SMOOTH SAILING. THE DEVELOPMENT AND CONSTRUCTION INDUSTRY WILL NEED TO ADDRESS SEVERAL HEADWINDS:

#### Labor shortages remain a top concern

Finding skilled workers for specialized roles, such as carpenters, masons, welders and electricians, will be critical as demand ramps up.

#### Supply chain disruptions

While improving, supply chain disruptions are still a risk. Delays in material and equipment availability can impact project timelines and budgets.

#### Economic uncertainty

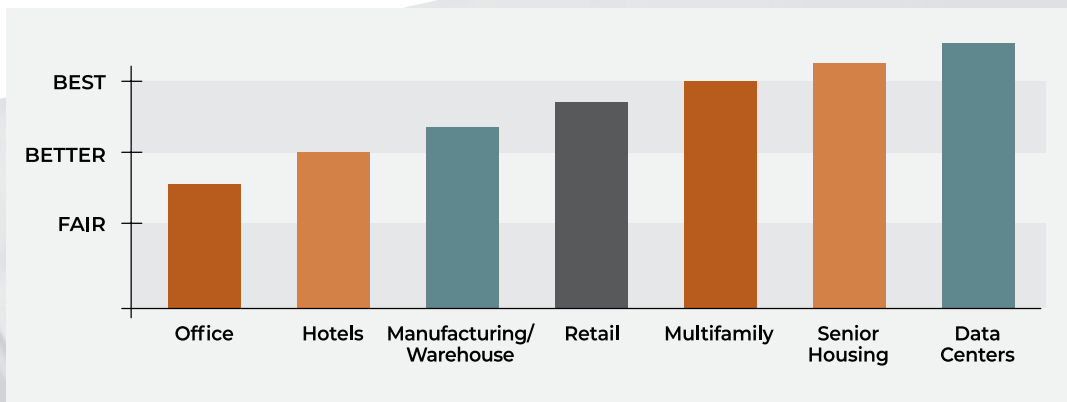
Economic uncertainty persists, with potential geopolitical tensions and policy changes adding layers of complexity.

Labor shortages remain a top concern.

In 2025, senior and multifamily housing continue near the top of real estate development prospects, second only to data centers.

## Opportunities Across Sectors

In 2025, senior and multifamily housing continue to dominate real estate development prospects, reflecting stable demand driven by demographic shifts and evolving lifestyle preferences.



Senior housing benefits from the aging baby boomer population, with developers racing to address a growing need for communities that combine health care, social connectivity, and modern amenities. Meanwhile, multifamily housing demand remains strong as rising home costs and evolving renter preferences drive interest in flexible, high-quality spaces.

Stand-alone retail and manufacturing follow closely behind, with retail projects increasingly focused on experiential, community-oriented spaces and manufacturing developments propelled by reshoring trends and the growth of high-tech industries like electric vehicle (EV) battery production. These sectors, though diverse, share common threads of adaptability, sustainability, and responsiveness to economic and social dynamics, ensuring they remain at the top of the prospects list for developers in 2025.

## DATA CENTERS: KEEP WATCH IN THE UPPER MIDWEST

Data centers are seeing a tremendous surge, fueled by the growing need for AI and cloud computing. Currently, the growth is primarily occurring in other parts of the U.S., with Ohio, Texas, and Virginia setting the pace. But that growth can continue only as long as the local energy supply can support it.

While those data centers have been multiplying elsewhere, the Upper Midwest has been quietly building the energy infrastructure needed to support data centers. Recently, significant movement has been made in sectors such as power and gas plants, particularly in solar and wind energy projects. This infrastructure could potentially support future data center developments just as other regions' energy supplies tap out. That, plus the fact that state and local governments in Minnesota and Wisconsin are now offering tax incentives and grants to attract data center investments, makes this sector one to watch in the Upper Midwest.

Data centers are seeing a tremendous surge, fueled by the growing need for AI and cloud computing.

## PROSPECTS FOR COMMERCIAL/MULTIFAMILY SUBSECTORS, 2025 VS 2024



Source: Urban Land Institute and PwC's Emerging Trends in Real Estate surveys

# Factors Driving 2025 Design-Build Trends in Commercial Construction



Influenced by lessons of the past five years, resilience and adaptability are major themes for developments in the year ahead. As market conditions evolve, new trends are emerging that reflect shifts in priorities for developers, owners, tenants, and consumers alike. These factors shape how commercial spaces will be designed and built, influencing everything from project timelines to the materials and technologies used.

## Interest rate cuts renew momentum

The Federal Reserve's ongoing rate cuts are expected to spark renewed momentum in commercial construction. With borrowing costs easing, previously delayed projects are moving forward, and developers are exploring opportunities in sectors like multifamily housing and health care. These subsectors are set for robust growth, supported by demand for modern facilities that can accommodate advanced technologies and changing consumer needs.

## Increased emphasis on sustainability

Sustainability is a growing factor in commercial building design and construction. Whether by choice or by law, businesses are increasingly focused on reducing their carbon footprint and meeting regulatory requirements, making sustainable building practices a necessity rather than an option. From energy-efficient building envelopes, HVAC, and lighting systems to building products made with recycled materials, sustainability influences every stage of the design-build process. Government incentives, like tax credits and grants for sustainable projects, further bolster this trend.

## Technological integration

The rise of smart technology continues to transform commercial spaces. Building Information Modeling (BIM), artificial intelligence, and the Internet of Things (IoT) are being used to streamline project delivery, improve operational efficiency, and enhance user experiences across key sectors in 2025. Retail and hospitality projects are incorporating smart systems and IoT to enhance customer experience and accelerate build times, while multifamily and senior housing developments are adopting prefabrication and health-monitoring technologies to meet evolving tenant needs. Additionally, the rise of flexible office spaces is fueling the use of automation and digital tools for adaptive design and space management.

## Labor challenges call for innovation

Labor shortages continue to shape approaches to commercial construction projects. With skilled workers in short supply, the industry is turning to automation and modular construction to bridge the gap. Prefabrication is addressing workforce constraints and improving project timelines and cost efficiency.

## Evolving tenant expectations

The nature of commercial spaces is shifting to accommodate evolving tenant needs. Flexible, multi-use spaces that can adapt to hybrid work models and changing business operations are in high demand. In offices, this means open layouts with collaborative areas and wellness-focused amenities. In retail, experiential design and integrated digital features remain key to attracting foot traffic and improving customer engagement.

## Government investment in infrastructure

The ripple effects of significant federal infrastructure spending are also felt in commercial construction. Transportation, energy, and broadband improvements are creating new opportunities for commercial developments near these enhanced networks, particularly in logistics and warehousing.

Influenced by lessons of the past five years, resilience and adaptability are major themes for developments in the year ahead.

## WHAT THIS MEANS FOR 2025

For commercial construction, 2025 is a year of opportunity and innovation. Developers and property owners who integrate cutting-edge technology, and adapt to shifting labor dynamics will be best positioned for success. With its focus on collaboration and efficiency, the design-build approach remains the number one strategy for navigating these trends and delivering projects that meet the demands of the modern market.

DBS Group is here to guide you through these trends and help you realize your vision for commercial construction. With our expertise in design-build, we're ready to deliver value-driven solutions that set your projects up for success.

**Across industries, design and construction is evolving to create spaces that prioritize functionality, sustainability, and a deep connection to both people and place.**

# The ins and outs of building design and construction in 2025

Building design and construction is increasingly headed in a holistic direction, where exteriors and interiors work harmoniously to reflect purpose, values, and the needs of those who inhabit them. Across industries, design and construction is evolving to create spaces that prioritize functionality, sustainability, and a deep connection to both people and place.

### Exteriors that communicate purpose and place

Building exteriors are no longer mere facades but intentional reflections of purpose and context. Modern minimalism prevails but with a stronger emphasis on blending into the surroundings. Combinations of materials like wood, stone, and glass add textures and visual interest, with a balanced aesthetic that says modern innovation.

Glass dominates many exteriors, offering transparency that blurs the boundaries between indoors and outdoors. Strategic lighting and bold accent colors highlight architectural details and create visual impact, especially at night, when integrated LED systems turn buildings into illuminated landmarks.

### Interiors that nurture and inspire

Inside, the design is equally intentional to create environments that promote well-being, connection, and adaptability. Natural light remains a focal point, flooding interiors through large windows and skylights to lift both mood and energy efficiency.

Biophilic elements remain prevalent, with greenery, natural materials, and organic textures like wood and stone promoting wellness and a connection to nature. These features are often paired with soft, tactile finishes such as velvet and boucle, offering a contrast to sleek industrial materials like metal and concrete.

Neutral, earthy tones dominate color palettes. They provide a calming backdrop, while vibrant accent colors and bold patterns are used sparingly to energize and personalize spaces. Flexibility is key, with modular layouts and multi-functional areas designed to adapt to evolving needs, from co-working hubs to communal gathering spaces.

### A Reflection of Collective Sentiment

Together, these design elements reflect the collective sentiment of 2025: a desire for balance and connection. Buildings are no longer static structures; they are dynamic environments that communicate values, adapt to needs, and nurture well-being. By seamlessly blending thoughtful exteriors with purposeful interiors, building designs in 2025 feature functionality and meaning to create spaces that resonate with their occupants and the world around them.



# HOSPITALITY TRENDS

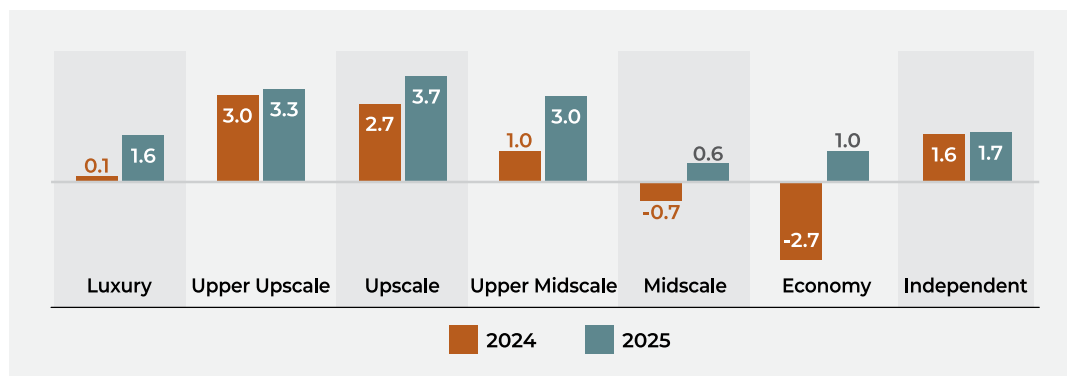
## THE YEAR OF PERSONALIZATION

In hospitality, experts project occupancy rates to grow by 2.2% while revenue per available room (RevPAR) increases by 1.7%. Corporate and group travel is rebounding, offsetting a modest slowdown in leisure travel as economic pressures like inflation and higher debt levels affect discretionary spending.

Notably, the still-healthy 3.5% growth rate is slower than in the past two years and short-term rentals have taken hold. But many travelers increasingly seek personalized guest experiences that rentals can't provide, explaining why the greatest opportunities in the hotel sector are in upper-tier properties.

Sustainability is now a must for hotels, with energy efficiency, waste reduction, and local sourcing shaping modern guest expectations. Additionally, technology integration is enhancing both guest experiences and operational efficiency, with AI and IoT systems transforming everything from check-in processes to energy management.

## PROJECTED U.S. REVPAR PERCENT CHANGE (YEAR-OVER-YEAR)

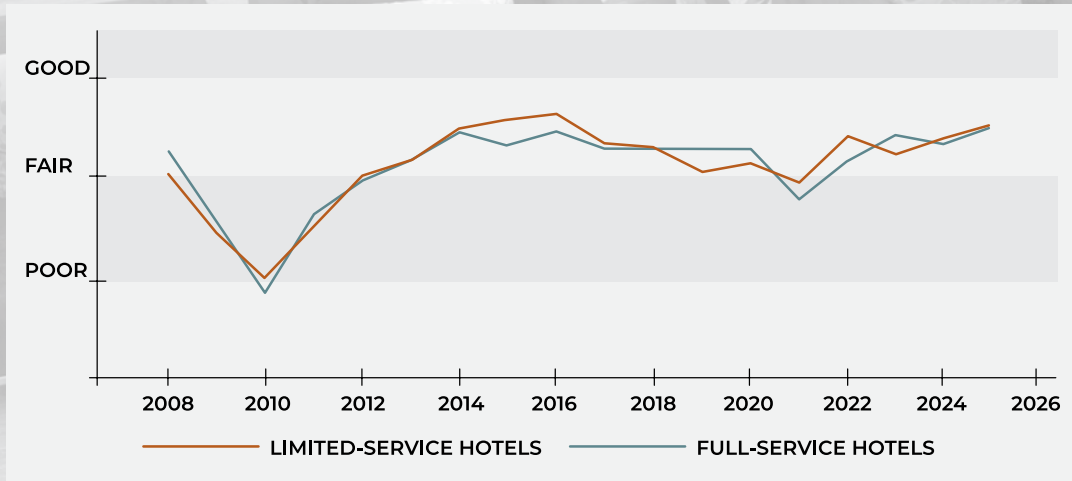


RevPAR  
**1.7%**  
2025

Source: CBRE

Source: STR, CoStar, Tourism Economics

## HOTEL INVESTMENT PROSPECT TRENDS



Source: Urban Land Institute and PwC's Emerging Trends in Real Estate Surveys

CAGR

**2.5%**

through 2030

Source: CBRE

## What it means for designing and building hotels

Evolving guest expectations and economic factors are reshaping hospitality design-build priorities for 2025, focusing on flexibility, sustainability, and technology integration.

### Personalized and flexible spaces

Hotels are prioritizing flexible designs to accommodate diverse guest needs. Hybrid lobbies now double as social spaces, workstations, and dining areas. Guestrooms are increasingly modular, offering adjustable lighting, convertible furniture, and smart controls for personalized comfort.

### Sustainability as a cornerstone

Eco-friendly practices are central to new hospitality construction. Energy-efficient systems, water-saving technologies, and sustainable materials align with traveler preferences for environmentally responsible accommodations.

### Technology-enhanced guest experiences

Smart technologies are driving innovation in hospitality. AI-powered systems personalize guest services, while IoT-enabled devices optimize energy use and provide real-time connectivity. From digital check-ins to smart room controls, hotels integrate technology to enhance convenience and engagement.

### Wellness and community-oriented features

Wellness remains a top priority in hospitality design. Fitness centers, outdoor relaxation areas, and wellness-focused amenities are now essential. Communal spaces for social interaction and collaboration also improve the guest experience.

### Aesthetic and experiential design

Hotels embrace local and thematic design elements to create unique, Instagram-worthy spaces. Biophilic designs featuring natural light, greenery, and organic materials boost the ambiance, while artistic and culturally inspired interiors connect guests with the destination.

### DESIGN AND BUILD FOR:

- Communal areas
- Eco-friendly features
- Flexible guestrooms with smart controls and convertible furniture
- Hybrid lobbies
- IoT-enabled systems
- Local or thematic interiors
- Natural light and indoor greenery
- Smart tech
- Wellness spaces



# RESTAURANT TRENDS

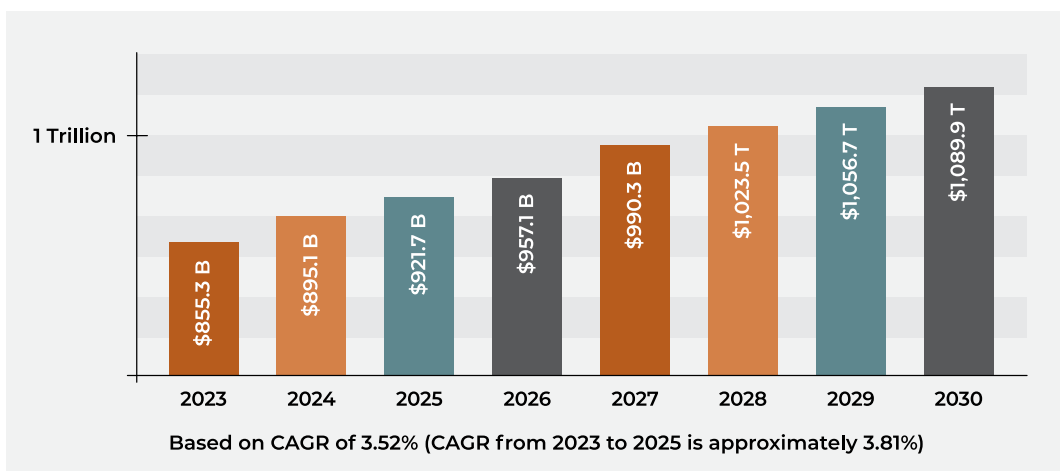
## EFFICIENCY MEETS EXPERIENCE

The restaurant industry is set for modest growth in 2025, with food-away-from-home spending expected to increase 2.9%. But the growth will vary by segment. Fast-casual and quick-service restaurants (QSRs) are leading the way due to their affordability and adaptability, while casual dining will also see healthy growth. Midscale and fine dining are expected to stagnate.

Labor shortages and rising food costs remain major challenges. Most restaurant operators anticipate labor costs to climb further, prompting investments in automation, cross-training, and other efficiency measures. While food costs are easing slightly, they remain above pre-pandemic levels, keeping menu prices elevated and owners looking for cost-savings.

Off-premises dining remains strong, with approximately 60% of restaurant orders placed online or for delivery. Ghost kitchens and hybrid models that blend dine-in and delivery options are increasingly popular, and designing them to be flexible spaces that can shift between uses, such as co-working or private events, helps maximize revenue throughout the day.

## U.S. FOOD MARKET SIZE 2023-2030



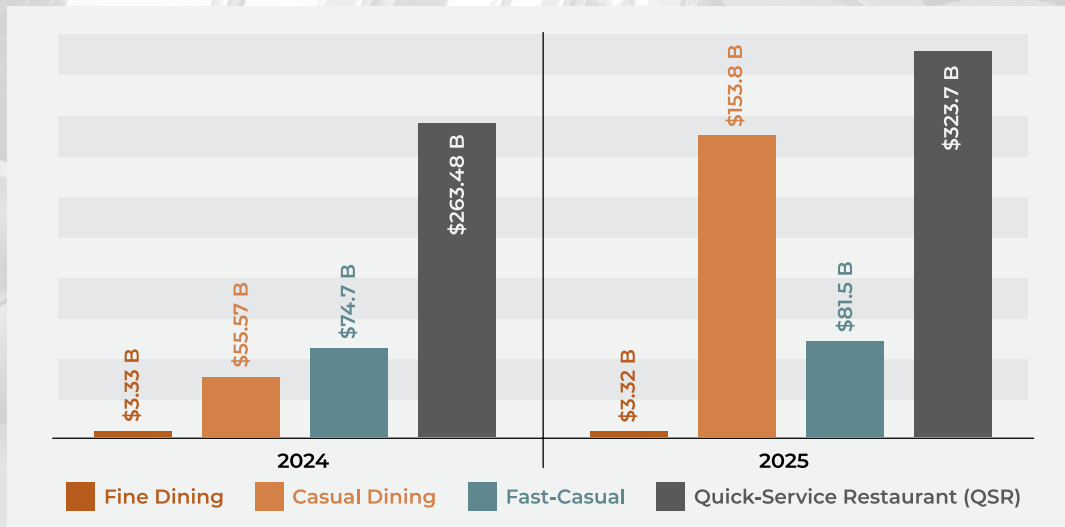
Source: Datassential

**Restaurant growth**  
**1.0%**  
Source: Datassential

Consumers who dine in at restaurants prioritize memorable experiences, driving demand for creative menus and thematic designs, interactive technology, tableside prep, live entertainment, and chef collaborations — features that make dining out feel special and worth the cost.

In the back of the house, open kitchens, modular layouts, and tech-friendly spaces improve efficiency and reduce labor strain.

## 2025 FOOD SERVICE SALES BY SEGMENT



Source: Datassential

# What it means for designing and building restaurants

From balancing dine-in and delivery operations to creating memorable dining experiences, modern restaurant design and construction is about more than aesthetics — it's about optimizing spaces to improve efficiency, reduce costs, and connect with guests.

### Spaces built for dine-in and delivery

Restaurants are rethinking layouts to serve both dine-in guests and off-premises orders efficiently. Features like designated pickup zones, delivery-optimized kitchens, and streamlined workflows ensure both run smoothly. Delivery-only setups, like ghost kitchens and micro-fulfillment spaces, are also becoming more common.

### Dining that's an experience

Restaurants are stepping up their game by creating spaces that wow guests. Open kitchens, themed interiors, and interactive elements like digital menus make in-person dining more exciting. Thoughtful touches like bold lighting, vibrant color schemes, and curated playlists make the experience even more memorable.

### Tech that works smarter, not harder

Technology is helping restaurants run more smoothly while keeping customers happy. Self-order kiosks, AI tools for tracking inventory, and app-based loyalty programs are becoming the norm. Restaurant design and construction now includes tech-friendly layouts to ensure these tools fit seamlessly into operations.

### Flexible spaces for every occasion

Adaptable spaces are a top priority as restaurants cater to everything from casual meetups to private events. Modular furniture and convertible layouts let spaces shift to meet customer needs, whether a large group dinner or an intimate celebration.

**Food-away-from-home spending**

**2.9%**

Source: Collier's 2025 U.S. Retail Forecast Trends: Investor and Retailer Outlook

## DESIGN AND BUILD FOR:

- Adaptable spaces
- Décor inspired by local culture
- Dedicated pickup and delivery zones
- Durable, easy-to-clean surfaces
- Flexible furniture
- Ghost kitchens
- Energy-efficient appliances and fixtures
- Mood lighting
- Open, streamlined, modern kitchens
- Outdoor spaces
- Self-order stations



# INDUSTRIAL TRENDS

## BUILDING THE NEXT ERA

The industrial construction sector should stabilize in 2025 after years of unprecedented growth. Experts forecast net absorption of industrial spaces will average 14 million square feet per quarter, marking a steady recovery from the oversupply challenges of 2023 and 2024. As the market evens out, construction projects are shifting toward smarter, more efficient facilities that use advanced technology. With lower interest rates encouraging investment, developers and tenants alike are ready to seize opportunities in a rental market that's finally balancing out.

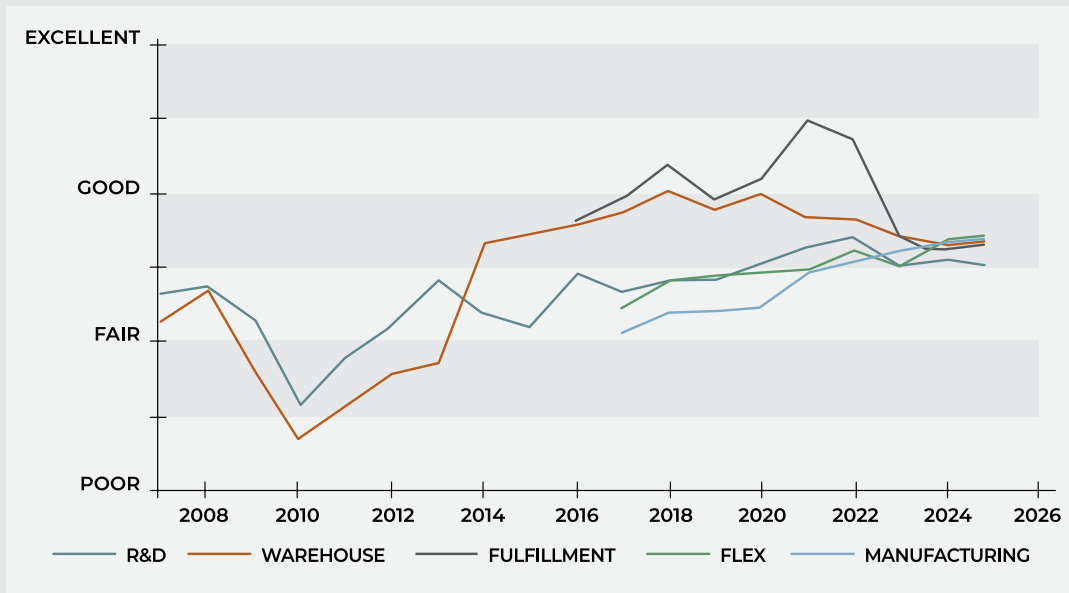
## MANUFACTURING MOMENTUM

In 2025, manufacturing will remain a key driver of the U.S. economy as companies focus on reshoring operations and building advanced facilities to strengthen supply chains. Last year, manufacturing construction hit a record \$238 billion, thanks to massive projects like semiconductor plants, electric vehicle battery factories, and clean energy infrastructure. While growth has slowed from its peak, manufacturing still leads nonresidential construction, making up over 27% of all projects.

Federal programs like the Inflation Reduction Act and CHIPS Act keep the momentum strong by encouraging investment in new facilities. At the same time, businesses are grappling with challenges like labor shortages and high material costs. Companies are automating processes with robotics and AI to improve efficiency and address workforce shortages.

Sustainability is also shaping the industry, with a push toward clean energy, electrification, and lower emissions. Still, uncertainties like shifting geopolitical dynamics and potential policy changes under a new administration could impact plans. Even so, manufacturers remain focused on long-term resilience, innovation, and sustainability to remain competitive.

## INDUSTRIAL/DISTRIBUTION



Source: Urban Land Institute and PwC's Emerging Trends in Real Estate Surveys

# What it means for designing and building manufacturing facilities

### Adapting to new technologies

Challenges and new opportunities quickly change how manufacturing facilities are designed and built. Modern plants are shaped by automation and smart technologies, with layouts built to handle advanced robotics, AI systems, and IoT-connected equipment. These designs are made to be flexible and scalable so they can easily adapt to new technology and shifting production needs.

### Sustainability at the core

Sustainability also redefines what manufacturing spaces look like. Facilities now include renewable energy systems, advanced emissions controls, and energy-efficient features. Many are built with sustainable materials, and site selection often focuses on areas with access to green energy and eco-friendly infrastructure. While this shift supports the environment — which consumers like — it also helps manufacturers meet growing demands for cleaner production methods.

### Designing around labor shortages

Labor shortages are another factor driving innovation in design. To address the lack of skilled workers, plants are incorporating technologies that reduce the need for manual labor and provide advanced training opportunities. Efficient layouts that improve workflows and prioritize safety are becoming the norm, allowing facilities to stay productive even with smaller teams.

Net Absorption

**37.5%**

Source: NAIOP

### DESIGN AND BUILD FOR:

- Combined hubs for warehousing and distribution
- Eco-friendly materials
- Efficient layouts to fit advanced machinery
- Expandable buildings
- Flexible designs
- Proximity to key resources
- Renewable energy systems
- Robots and smart tech
- Streamlined workflows
- Training areas

## HOW WAREHOUSING STACKS UP

With shifting supply chains, new technologies, and changing consumer habits, the warehousing industry is set for steady growth in 2025. Urban warehouses are a top priority as businesses aim to stay close to major cities, cutting transportation costs and speeding up deliveries. To make the most of limited land, taller warehouses with vertical storage solutions are becoming increasingly common, allowing for more inventory without a bigger footprint.

Robotics and artificial intelligence are taking over tasks like managing inventory, picking, and packing, while cloud-based systems provide real-time tracking and smarter decision-making. Sustainability is also reshaping the industry, with facilities incorporating energy-efficient lighting and renewable energy sources.

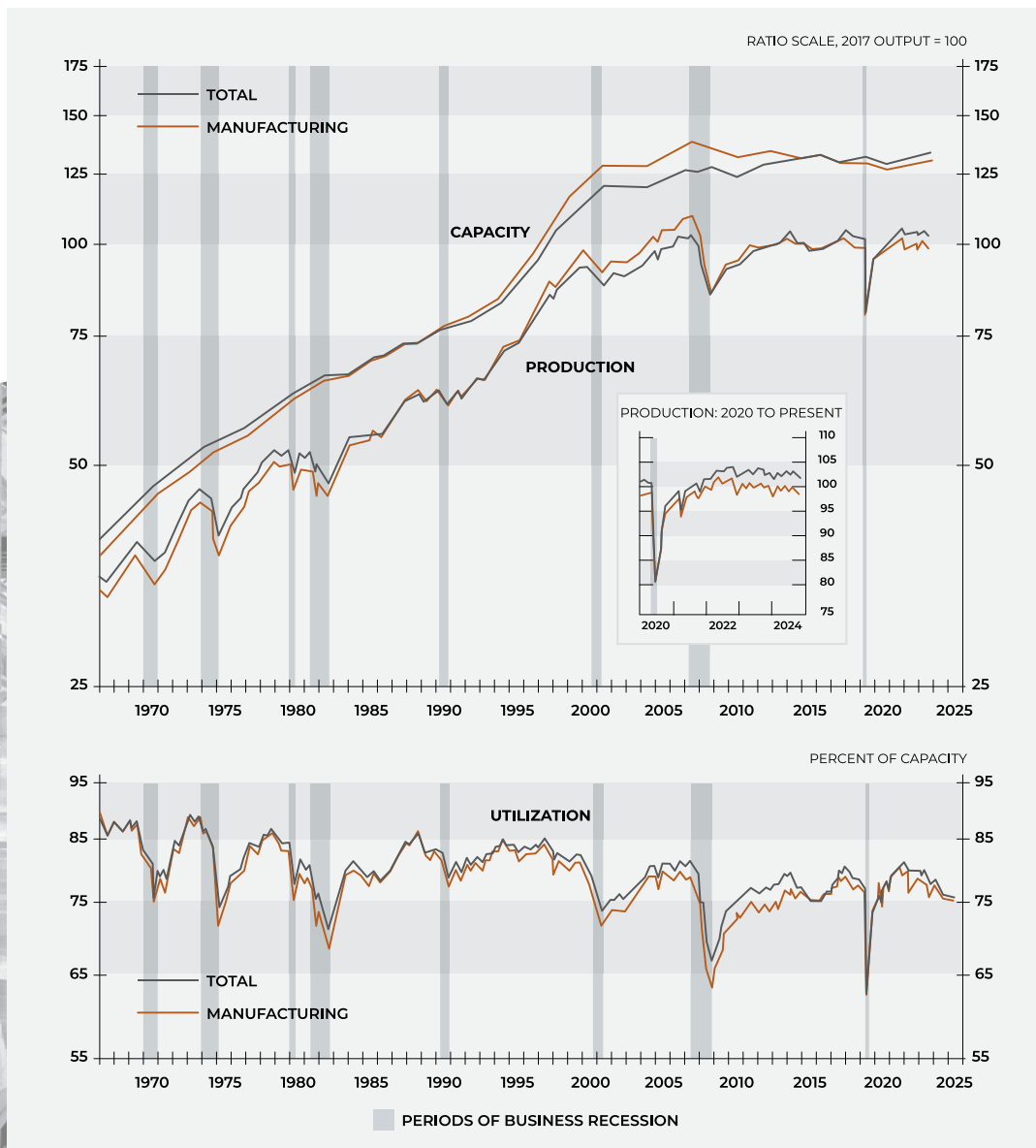
Despite these advancements, labor shortages remain a big challenge. To adapt, companies are investing in technology to reduce their reliance on manual labor while boosting efficiency and staying competitive in a demanding market.

Set for steady growth in

# 2025

Urban warehouses are a top priority as businesses aim to stay close to major cities.

## U.S. INDUSTRIAL PRODUCTION, CAPACITY AND UTILIZATION



(Source: Federal Reserve)

# What it means for designing and building warehouses

## Automation-ready layouts

The growth of warehousing in 2025 will reshape how facilities are designed and constructed. Buildings are increasingly tailored for automation, with layouts optimized for robotics, IoT systems, and cloud-connected operations. These designs focus on efficiency and adaptability to meet the demands of modern supply chains.

## Vertical storage in urban spaces

Urban warehousing is influencing compact yet highly efficient designs. Taller buildings with multi-level storage systems maximize space while integrating advanced automated storage and retrieval technologies. This focus on vertical storage helps businesses meet inventory needs without requiring larger properties.

## Sustainability at the core

Sustainability is central to modern design and construction, with facilities incorporating renewable energy sources like energy-efficient lighting and HVAC systems and recycled materials. Optimized layouts that enhance natural light and ventilation further support environmental goals while reducing operational costs.

## Flexibility and security

To address shifting inventory demands, warehouses are being built with modular designs that allow for flexibility and future expansion. Enhanced security measures, from advanced access controls to secure digital infrastructure, ensure facilities can handle the growing need to protect physical assets and sensitive data. These designs reflect a forward-thinking approach, ensuring warehouses are ready for the challenges and opportunities ahead.

## DESIGN AND BUILD FOR:

- Blockchain-ready systems
- Eco-friendly features
- Flexible layouts
- Multipurpose areas
- Robotics-ready spaces
- Smart tech integration
- Strong security
- Taller storage solutions
- Temperature-controlled areas







# MULTIFAMILY HOUSING TRENDS

## RISING DEMAND, EVOLVING DESIGN

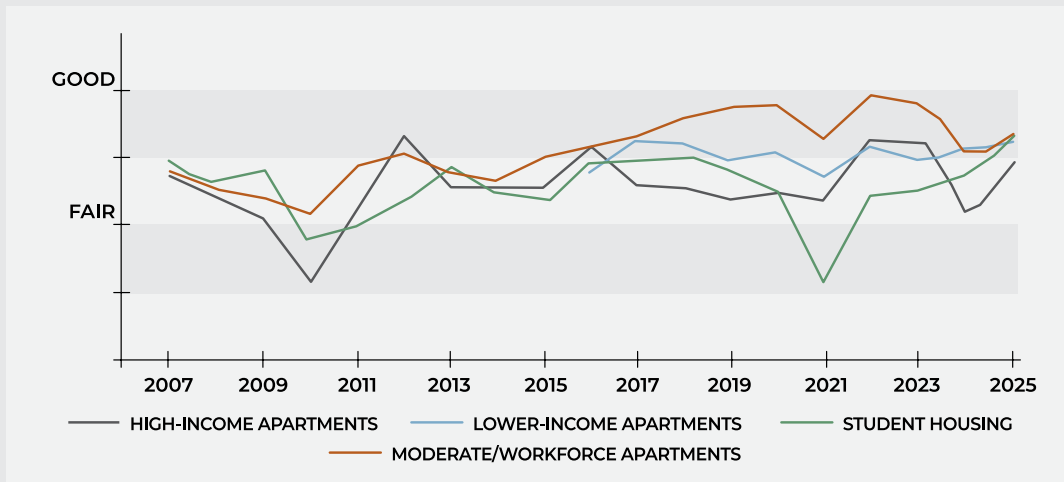
The multifamily housing market in 2025 remains resilient, supported by strong demand across diverse renter demographics. While construction starts have slowed due to higher financing costs, completions remain robust, with more than 400,000 units delivered in 2024 and twice that number currently under construction, according to CBRE's U.S. Real Estate Market Outlook. Vacancy rates peaked at 8.1% but are expected to stabilize as the market absorbs this new inventory. Rent growth, projected at 2.6% annually, reflects a healthy balance between supply and demand.

Economic pressures, including continued higher interest rates and the affordability gap in homeownership, continue to push demand for rentals. With Gen Z entering the rental market and baby boomers downsizing, multifamily housing is positioned to remain a critical asset class.

**The multifamily housing market in 2025 remains resilient**

**Construction Starts**  
**11%**  
Source: Dodge Data

## INVESTMENT PROSPECT TRENDS



Source: Urban Land Institute and PwC's Emerging Trends in Real Estate surveys

# What it means for designing and building multifamily housing

### Flexible and adaptable layouts

Multifamily developments are embracing modular designs to meet changing tenant needs. Units with convertible spaces and community areas that can adapt for co-working or events are becoming standard. These designs cater to the growing demand for spaces that serve both personal and professional purposes.

### Sustainability grows in popularity

Sustainability has become a growing factor in multifamily construction, with energy-efficient lighting and HVAC systems and water-reducing fixtures now commonplace. Developers also incorporate eco-friendly materials to align with tenant values and reduce operational costs.

### Technology-enabled living

Smart home technologies are transforming multifamily properties. Features such as app-based control, IoT-enabled energy management, and high-speed internet connectivity are standard expectations among renters. These technologies increase convenience and streamline property management.

### Community-oriented amenities

Developments are prioritizing amenities that promote connection and support tenant wellness. Communal spaces like fitness centers, outdoor gathering areas, and event lounges are key to attracting and retaining tenants, particularly in urban and suburban markets.

### Urban and affordable housing solutions

Mixed-income developments and mid-rise urban projects are addressing affordability challenges while maintaining aesthetic appeal. Proximity to transit hubs and employment centers is a major consideration in site selection and design.

### Modern aesthetic appeal

Contemporary multifamily housing prioritizes clean lines, open layouts, and natural finishes. Inviting common areas with high-end furnishings and thoughtfully curated design elements create a sense of community and increase tenant satisfaction.

The evolving multifamily market is reshaping design-build priorities for 2025, focusing on flexibility and community-driven spaces.

### DESIGN AND BUILD FOR:

- Eco-friendly features
- Energy-saving systems
- Fitness and outdoor spaces
- Flexible unit layouts
- High-speed internet and automation
- Inviting, stylish common spaces
- Mid-rise projects in convenient locations
- Mixed-income communities
- Modern, clean design
- Multipurpose common areas
- Smart home tech
- Wellness spaces



# SENIOR HOUSING TRENDS

## THE AGE OF OPPORTUNITY

The senior housing industry in 2025 is positioned for significant growth, driven by surging demand from an aging population and recovering market fundamentals. Occupancy rates are projected to reach 88% by the end of the year, up from 87% in 2024, reflecting steady absorption as baby boomers enter the 80+ age group. Rent growth remains robust, at an estimated 5% for 2025, as supply struggles to keep pace with escalating demand.

Supply constraints, exacerbated by higher interest rates and limited capital availability, are creating opportunities for developers to address unmet needs. Construction starts are near historic lows, and the industry faces a significant supply gap, with projections suggesting a need to double the development pace by 2030 to meet demand. Meanwhile, existing facilities are undergoing modernization to attract a new generation of residents with preferences for lifestyle-oriented amenities and wellness-focused living.

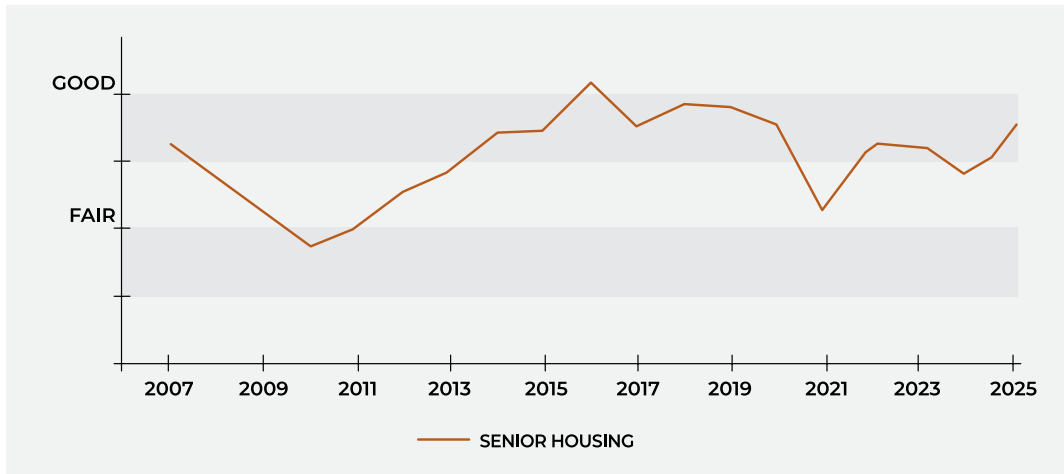
The aging housing stock is another challenge, as nearly half of current senior housing was built before 2000 and struggles to meet modern expectations. This trend, combined with rising consumer wealth and a rapidly expanding 80+ population, highlights the urgent need for new inventory and substantial reinvestment in the sector.

**The senior housing industry in 2025 is positioned for significant growth**

**Annual Growth Rate**  
**4%**

Source: NIC MAP Vision

## INVESTMENT PROSPECT TRENDS



Source: Urban Land Institute and PwC's Emerging Trends in Real Estate surveys

## What it means for designing and building senior housing

### Wellness-focused living spaces

Senior housing designs are increasingly centered around wellness, incorporating fitness centers, outdoor spaces, and therapeutic environments. Biophilic design elements like natural lighting, indoor gardens, and calming aesthetics promote physical and mental well-being.

### Community-oriented amenities

Developments are prioritizing spaces that encourage social interaction, such as communal dining areas, hobby rooms, and multipurpose event spaces. These amenities cater to residents' desire for connection and active lifestyles, setting a higher standard for community living.

### Adaptive and flexible designs

Senior housing is moving forward with adaptable designs that support independent living, memory care, and everything in between.

### Sustainability and energy efficiency

Eco-friendly construction materials and energy-efficient systems are becoming standard. When implemented wisely, these measures can reduce operating costs and appeal to both residents and investors.

### Technology integration

Smart technologies, including telemedicine capabilities, emergency monitoring systems, and app-based resident services, are modernizing housing operations. Designs are increasingly tech-friendly, incorporating infrastructure for seamless connectivity and future upgrades.

### Modernized aesthetic appeal

To attract the next generation of residents, senior housing developers are moving away from institutional designs toward modern, inviting aesthetics. This includes hotel-inspired interiors, vibrant color schemes, and high-quality finishes.

The trends shaping senior housing in 2025 are redefining design-build priorities, emphasizing adaptability, wellness, and technology integration.

### DESIGN AND BUILD FOR:

- Biophilic features
- Comfortable common areas
- Eco-friendly systems
- Energy-efficient technology
- Fitness and wellness spaces
- Flexible social spaces
- High-speed internet
- Upscale, hotel-inspired design
- Modular layouts
- Smart health tools
- Spaces for all care levels
- Versatile activity areas



# OFFICE BUILDING TRENDS

## THE NEW REALITY

The office sector in 2025 is undergoing significant transformation as it continues adapting to hybrid work models and evolving workforce expectations. While new office construction remains limited, renovations and adaptive reuse (and reimagining) dominate the market. Vacancy rates are expected to remain high, reaching nearly 22% by late 2025, as companies stabilize hybrid policies and evaluate long-term office needs. Despite these challenges, industry experts project a gradual recovery bolstered by declining interest rates and an increased focus on employee experience.

Renovations now comprise more than half of all office-related construction as employers prioritize modernizing spaces to attract and retain talent. Task-specific design is becoming a mainstay of these updates, with layouts tailored for collaboration, creativity, focus, and relaxation.

The hybrid model is shaping office spaces, driving demand for collaborative hubs that encourage creativity and engagement. Wellness-focused amenities like fitness centers, outdoor areas, and mindfulness zones are also valued for increasing productivity and satisfaction.

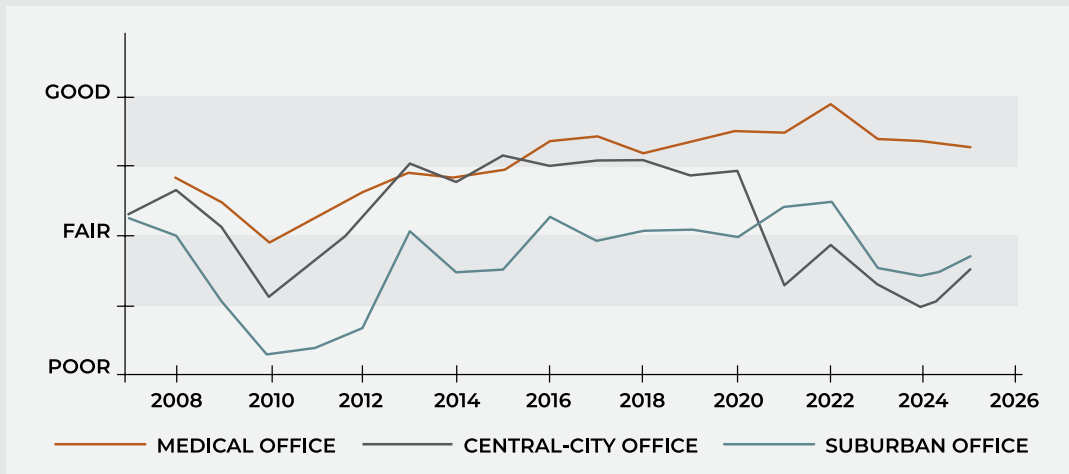
**The office sector in 2025 is undergoing significant transformation**

**Construction Starts**

**2%**

Source: American Institute of Architects

## OFFICE INVESTMENT PROSPECT TRENDS



Source: Urban Land Institute and PwC's Emerging Trends in Real Estate surveys

## What it means for designing and building offices

### Collaboration-centric spaces

Offices are being reconfigured into hubs for teamwork, featuring brainstorming areas, co-working lounges, and hybrid meeting spaces equipped with advanced technology. These designs prioritize in-person and virtual collaboration, enabling seamless interactions across hybrid teams.

### Wellness-driven designs

Employee well-being is top of mind in office updates. Ergonomic furniture, soundproof areas, and wellness rooms are becoming standard, alongside outdoor spaces where workers can move and relieve stress. The goal for employers is to boost both mental health and workplace engagement.

### Adaptive and task-based layouts

Gone are the days of one-size-fits-all offices. Spaces are now designed with specific uses in mind — private zones for focused work, collaborative hubs for teamwork, and relaxation areas for recharging. Modular and flexible layouts ensure offices can adapt to fluctuating occupancy and evolving business needs.

### Technology-enabled workplaces

Smart office technologies are also a factor. From AI-driven productivity tools to automated lighting and climate controls, these innovations streamline workflows and enhance comfort. Meeting rooms are being equipped with seamless tech solutions to support hybrid collaboration.

The shifting priorities in the office sector are reshaping design-build strategies with a focus on creating dynamic, employee-centered environments.

### DESIGN AND BUILD FOR:

- Adaptable layouts
- Automated climate and lighting controls
- Bright and airy atmospheres
- Co-working lounges
- Creative spaces with writable walls and flexible furniture
- Eco-friendly features
- Ergonomic furniture and soundproof areas
- Flexible spaces
- Hot-desking options
- Mindfulness and fitness zones
- Modern finishes, textures, and color palettes
- Modular furniture and partitions
- Nature-inspired design
- Occupancy sensors
- Outdoor spaces
- Statement lighting fixtures
- Teched-out meeting rooms

In 2025, the office is evolving into more than just a workplace — it's a destination for innovation, collaboration, and well-being. By embracing these design-build trends, companies can create environments that support the diverse needs of today's workforce while staying resilient in a changing economic environment.



# RETAIL TRENDS

## REINVENTING THE MARKETPLACE

Retail sales in 2025 are projected to grow modestly at 3.1%, primarily because of staples like food and personal care. Meanwhile, discretionary categories such as apparel and home furnishings are expected to show flat or slightly declining performance. Inflation has moderated, but higher interest rates and reduced consumer savings are tempering spending, with a stronger emphasis on value-based purchasing and experience-driven retail.

## RETAIL REVIVAL

Brick-and-mortar stores remain a critical part of the retail ecosystem, with foot traffic expected to surpass pre-pandemic levels as consumers increasingly view physical stores as a key part of the shopping experience, combining online and in-person options. To improve this, retailers are investing in technologies to manage inventory more efficiently. Stores are also combining retail spaces with other uses, like housing or offices, to keep up with what customers want and changes in how cities and suburbs are growing.

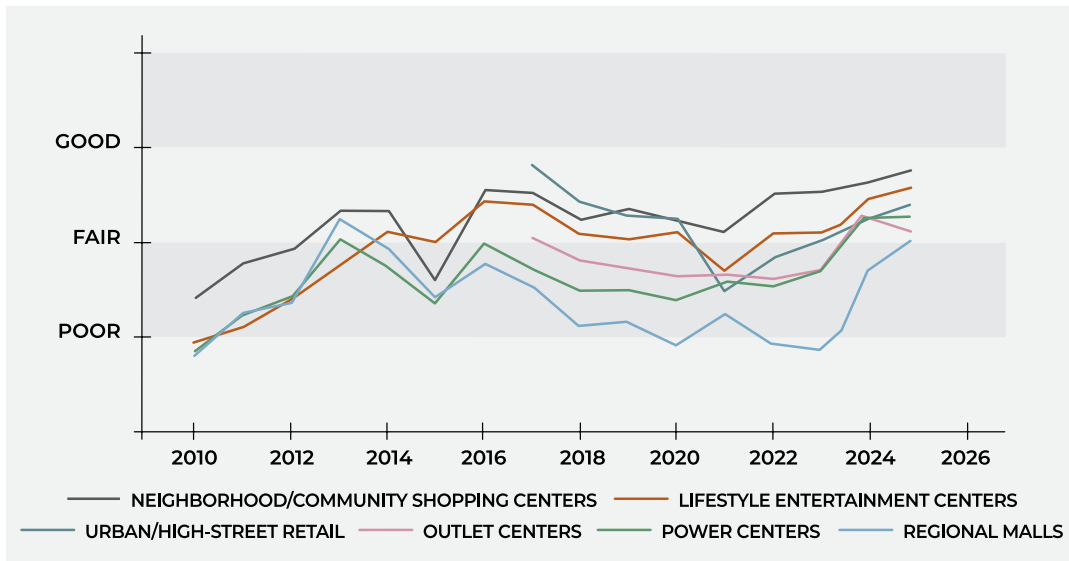
**Retail sales  
in 2025  
projected to  
grow 3.1%**

**Construction  
starts**

**9%**

Source: Dodge Data

## RETAIL INVESTMENT PROSPECT TRENDS



Source: Urban Land Institute and PwC's Emerging Trends in Real Estate surveys

The 2025 outlook for retail is driving a fundamental shift in design-build strategies, prioritizing flexibility and technology integration.

## What it means for designing and building retail spaces

### Flexible and mixed-use spaces

Retail spaces are becoming more versatile, combining shopping with dining, entertainment, and community services. As stores become smaller and more adaptable, they're better suited for urban areas and different types of tenants. Designing them to serve multiple purposes makes them more attractive destinations for customers.

### Technology integration

Technology is a big part of modern retail. Stores now include self-checkout stations, automated inventory systems, and mobile payment options. They're also set up to handle both online and in-store orders seamlessly. High-tech features like AR product displays and smart fitting rooms are being added to appeal to tech-savvy shoppers.

### Eye-catching design

Stores are being designed to grab attention and create memorable experiences. Bold lighting, colorful designs, and themed interiors draw shoppers in and keep them around longer. Some stores reflect local culture and history, making them unique and perfect for social media.

### Spaces for community and experience

Retail spaces are still about shopping, but now they're also places for people to connect and enjoy. Features like event spaces, outdoor plazas, and gathering areas are common. These designs turn stores into spots where customers can socialize, explore, have fun, and, importantly, shop more.

### DESIGN AND BUILD FOR:

- Adaptable store layouts
- Back-of-house e-commerce integration
- Bold colors and lighting
- Event and interactive spaces
- Locally inspired décor and layout
- Mixed-use destinations
- Outdoor plazas and communal areas
- Self-checkout stations
- Smart tech features



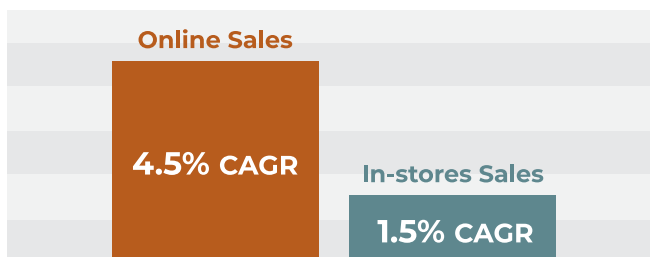


# GROCERY TRENDS

## GROCERY FACES FRESH FRONTIERS

The grocery sector in 2025 is experiencing steady but cautious growth as economic pressures and shifting consumer behaviors reshape the market. Total grocery sales are projected to grow by 2.8%, due to higher demand for fresh, healthy food, convenience-focused products, and private-label goods. Inflation has moderated, but higher food costs and supply chain uncertainty remain challenges.

E-commerce continues to be an important factor in the grocery industry, accounting for approximately 20% of total sales, as consumers prioritize convenience and speed. But foot traffic in physical stores is also increasing, with many shoppers seeking fresh, local, and sustainable products. This dual-channel demand is pushing grocery retailers to invest in multichannel strategies that blend the convenience of online shopping with the in-store experience.



**Market growth**  
**1.1%**

Source: Food Business News

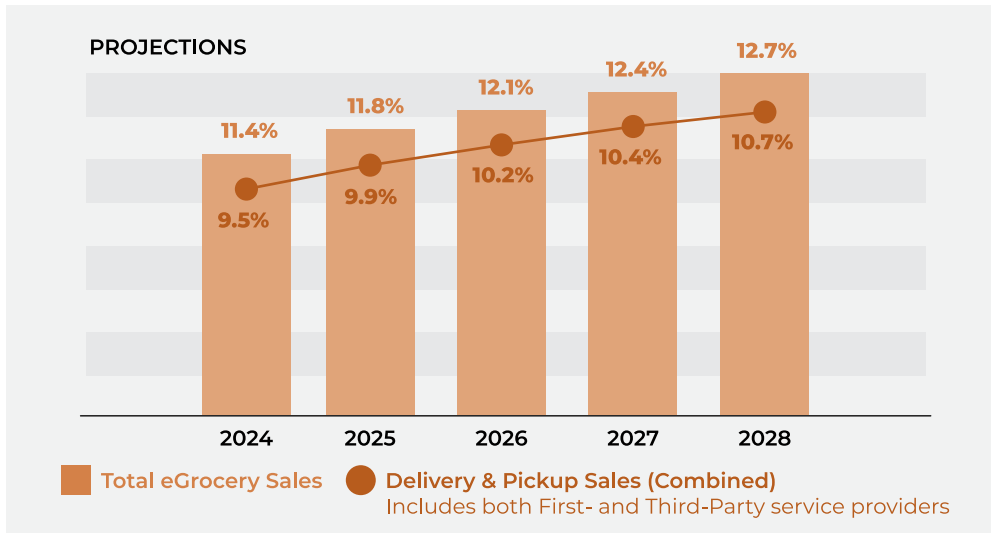
**Real term volume retail sales**

**-0.1%**

Source: Food Business News

Sustainability is becoming a key driver of consumer choice, with demand for eco-friendly packaging, locally sourced goods, and waste-reduction initiatives influencing purchasing decisions. As a result, grocers are adapting by expanding organic and sustainable product lines, reducing food waste, and improving efficiency.

## SHARE OF U.S. GROCERY SALES GOING ONLINE: 2024-2028



Source: Brick Meets Click/Mercatus 5-Year eGrocery Sales Forecast

## What it means for designing and building grocery stores

### Integrated layouts

Grocery stores are being designed to accommodate both e-commerce and in-store shopping seamlessly. Dedicated areas for curbside pickup and in-store fulfillment are becoming standard, while layouts optimize flow for traditional shoppers and online order packers alike. Micro-fulfillment centers integrated within stores address the need for faster delivery and inventory management.

### Energy-saving features

Owners are increasingly installing energy-efficient refrigeration, lighting, and HVAC systems to reduce operational costs and environmental impact.

### Focus on freshness and local sourcing

Grocery stores are prioritizing fresh food sections with expanded space for local and organic products. These areas are designed with open, market-style layouts to highlight quality and sustainability.

### Technology-enhanced experiences

Self-checkout kiosks, smart carts, and AI-powered inventory systems are becoming integral to the shopping experience. Stores are being designed with dedicated tech zones for customer education and seamless use of digital tools. Personalized promotions and loyalty programs accessed through mobile apps influence layout and display strategies.

### Community and wellness focus

Community-driven spaces like in-store cafes, cooking demonstration areas, and wellness zones are now common in modern grocery stores. These features encourage customer engagement and position the store as a hub for health-conscious living and social interaction.

The evolving grocery market is shaping design-build strategies in 2025, emphasizing convenience and community-focused innovation.

### DESIGN AND BUILD FOR:

- Cafes and cooking zones
- Curbside and fulfillment areas
- Digital displays and tech features
- Energy-saving systems
- Open, market-style layouts
- Organic and local zones
- Self-checkout and smart tech
- Waste-reduction programs
- Wellness areas (nutrition and curated products)



# WE CAN HELP From Concept to Completion

The trends shaping 2025 indicate an exciting future for commercial real estate development, where innovation, sustainability, and adaptability are key to success. By staying ahead of these changes, businesses can create spaces that not only meet current demands but are also prepared for the changes tomorrow brings. Optimizing these opportunities requires a partner who can bring your vision to life with expertise and efficiency.

At DBS Group, we're here to guide you — from concept to completion. Our comprehensive predevelopment, design, preconstruction, and construction services are designed to simplify the building process while delivering exceptional results. Whether you're envisioning a new possibility or reimagining an existing space, we'll help you create an investment ready to bring lasting returns. Reach out today and discover how much easier building can be with the right partner by your side.



200 French Road  
Onalaska, WI 54650  
608-881-6007

3425 40th Avenue NW, Suite 100  
Rochester, MN 55901  
507-396-4056

info@dbsg.com  
**dbsg.com**

