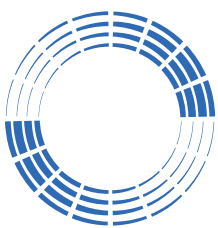


Commercial Real Estate By The Numbers: 2024



The Real Estate
Roundtable

The Real Estate Roundtable
Market Square West
801 Pennsylvania Ave NW Suite 720
Washington, D.C. 20004
www.rer.org

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The Real Estate Roundtable

About

The Real Estate Roundtable brings together leaders of the nation's top publicly held and privately-owned real estate ownership, development, lending and management firms with the leaders of major national real estate trade associations to jointly address key national policy issues relating to real estate and the overall economy.

By identifying, analyzing, and coordinating policy positions, The Roundtable's business and trade association leaders seek to ensure a cohesive industry voice is heard by government officials and the public about real estate and its role in the global economy.

The Roundtable's Membership Represents:



3+ million people working in real estate



12 billion sq ft of office, retail, and industrial space



4+ million apartments



5+ million hotel rooms

Who We Are:

Owners

67%

55% Private	12% Hotel
44% Public	11% Housing
46% Mixed	4% Industrial
14% Office	2% Other
12% Retail	

Financial Services

20%

58% Banks
(Commercial & Investment)

26% Insurers

16% Mortgage Bankers

Asset Managers

3%

Real Estate Trade Organizations

10%

The economic strength and resiliency of America depends on the real estate industry. The industry is consistently adapting to new demands and challenges, with commercial real estate in particular—including everything from hotels, multifamily housing, office buildings, senior and student housing, data centers, life science campuses, and self storage properties—directly contributing to the growth of our modern economy.

The following document from The Real Estate Roundtable displays the integral role the industry plays as a driving force of the American economy and as a proactive actor in helping solve some of the country's most pressing challenges.

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Real Estate's Economic Contributions

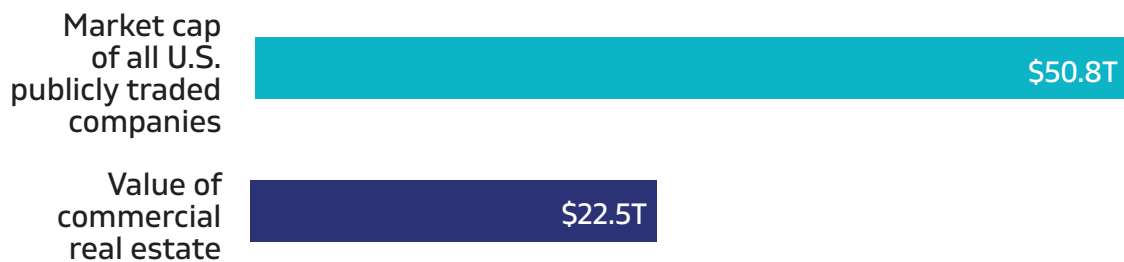
Commercial Real Estate Market Value



Total value of America's commercial real estate (Q4 2023).¹

To put that into perspective, the value of America's commercial real estate is nearly 44% of the market capitalization of all U.S. publicly traded companies.²











Value Of U.S. Commercial Real Estate



¹[Federal Reserve Bank of St. Louis, Commercial Real Estate in Focus, 2024.](#)

²[Siblis Research, Total Market Value of the U.S. Stock Market, 2024.](#)

Breakdown Of Property Value By Sector³

Sector	Value (\$ Trillions)
 Multifamily	\$3.8
 Specialty, Sports, & Other	\$3.4
 Office	\$3.2
 Retail	\$2.9
 Industrial	\$2.4
 Health Care	\$2.3
 Hospitality	\$1.6
 Towers	\$0.4
 Self-Storage	\$0.4
 Data Centers	\$0.2
Total	\$20.7



Sector Spotlight: Multifamily

The multifamily industry represents **nearly 1/3 of all housing units** in the United States.⁴

The value of multifamily housing across the U.S. alone is **\$3.8 trillion**, or more than the value (market cap) of Google and Amazon combined.⁵



³Nareit, *Estimating the Size of the Commercial Real Estate Market in the U.S., 2022.*

⁴National Association of Home Builders, *Multifamily, 2023.*

⁵Siblis Research, *Total Market Value of U.S. Stock Market, 2022.*

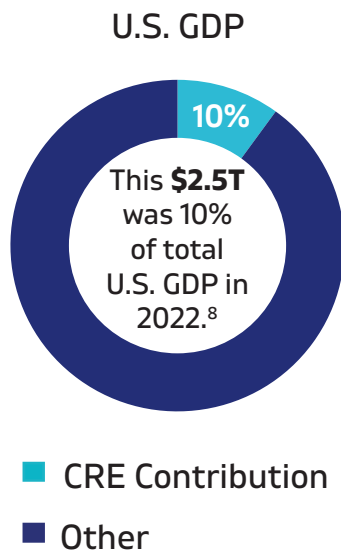
Real Estate's Contribution To GDP

Commercial Real Estate's overall contribution to GDP:⁶



The combined economic contributions of new commercial building development and the operations of existing commercial buildings contributed an estimated \$2.5 trillion to GDP and generated **\$881.4 billion** in personal earnings in 2023.⁷

Commercial real estate plays a large and important role in supporting the U.S. economy.



If U.S. CRE was a country, it would have the 8th largest economy in the world as measured by GDP.⁹

-  U.S. GDP: \$25T
-  China GDP: \$18T
-  Japan GDP: \$4.2T
-  Germany GDP: \$4.1T
-  India GDP: \$3.4T
-  United Kingdom GDP: \$3.1T
-  France GDP: \$2.8T

CRE Contributes \$2.5T to GDP

⁶ Brian Lewandowski, Adam Illig, Ethan Street, Richard Wobbekind, PhD., NAIOP Research Foundation, *Economic Impacts of Commercial Real Estate, 2024.*
⁷ Brian Lewandowski, Adam Illig, Ethan Street, Richard Wobbekind, PhD., NAIOP Research Foundation, *Economic Impacts of Commercial Real Estate, 2024.*
⁸ World Bank, *Gross Domestic Product 2022, 2023.*
⁹ The World Bank, *GDP (Current US\$)*

Real Estate's Contribution To The Workforce

U.S. jobs supported by the real estate industry:



These jobs include new commercial building development and operations of existing commercial buildings in 2023.¹⁰

8.8M

jobs in the U.S. are supported by **existing** commercial buildings¹⁰

6.2M

jobs in the U.S. are supported by **new** office, industrial, warehouse, & retail construction operations¹⁰

\$881B

in personal earnings generated by commercial real estate¹⁰



Sector Spotlight: Office

For every \$1 million spent on office building operations in 2015, **19.6 jobs** were supported nationwide.¹¹



¹⁰ U.S. Bureau of Labor Statistics, National Occupational Employment and Wage Estimates, May 2023

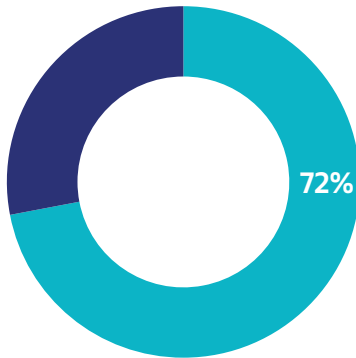
¹¹ Building Owners and Managers Association International, Economic Impact Study, 2016.

Real Estate's Contribution To The Tax Base

Yearly property taxes paid to state and local governments:¹²



Local Tax Revenue¹³

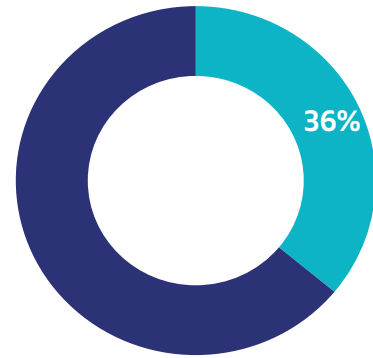


■ Property Taxes
■ Other Taxes

1.7X

commercial real estate owners pay property tax rates that are 1.7X more, on average, than the tax rates paid by homeowners¹⁵

Local Public Education Funding¹⁴



■ Property Taxes
■ Other

1.95%

the average annual tax on the value of commercial properties¹⁶

¹²Urban Institute, *State and Local Backgrounders*, 2020.

¹³Tax Foundation, *To What Extent Does Your State Rely on Property Taxes*, 2021.

¹⁴Lincoln Institute of Land Policy, *The Future of U.S. Public School Revenue from the Property Tax*, 2017.

¹⁵Tax Foundation, *State and Local Property Taxes Target Commercial and Industrial Property*, 2012.

¹⁶Lincoln Institute of Land Policy & Minnesota Center for Fiscal Excellence, *50-State Property Tax Comparison Study*, 2021.

Real Estate's Contribution To Americans' Retirement Savings

Amount invested by pension funds, educational endowments, and charitable foundations in real estate:¹⁷



Real estate plays an important role in investment portfolios to build diversified portfolios and manage risk. Real estate demonstrates valuable and distinct investment characteristics that have made it a staple in pension investment portfolios.

87%

of **public** sector pension funds contain real estate investments¹⁸

73%

of **private** sector pension funds contain real estate investments¹⁸

68%

of **insurance companies** are actively invested in real estate¹⁸



Sector Spotlight: Retail

70% of shopping center tenants are small businesses.¹⁹



¹⁷Meredith Despina, Nareit Developments, *The Role of Real Estate in Pension Funds*, 2021.

¹⁸Pregin, *Pension Funds Investing in Real Estate*, *Real Estate Spotlight*, 2016.

¹⁹ICSC, *Marketplace Statistics By State*, 2021.

Tax Laws Critical To Real Estate And The Economy

Like-Kind Exchanges²⁰

Like-kind exchanges (LKEs) are fundamental to the health and financing of commercial real estate. They catalyze capital investment, particularly during market corrections and shortages. Here is how LKEs bolster the U.S. economy:

Economic Activity Supported by Like-Kind Exchange Rules in 2021

976K

total jobs supported by like-kind exchange rules

\$48.6B

total labor income supported by like-kind exchange rules

\$13B

total federal, state, and local taxes supported by like-kind exchange rules

Carried Interest²¹

Carried interest provisions are critical to the development of new housing, to the jobs of millions, and to the budgets of states, cities, and towns across the country. Proposed changes would reduce risk-taking and broader economic development.

Long-Run Economic Impact of Carried Interest Legislation

Real Estate-Related Job Losses	1.77 Million
Reduction in Federal Tax Revenue	\$11.22 Billion
Reduction in State/Local Tax Revenue	\$26.74 Billion

²⁰[Ernst & Young, "An update to the "Economic contribution of the like-kind exchange rules to the US economy in 2021", 2022.](#)

²¹[Center for Capital Markets Competitiveness, Impact on Jobs, Tax Revenue, And Economic Growth of Proposed Tax Increase on Carried Interest, 2021.](#)

Partnerships

Closely-held partnerships and pass-through businesses are a strength of the U.S. tax system, contributing to the American entrepreneurial culture and a competitive and dynamic economy. Here is the impact that partnerships have on the U.S. economy:

Estimated Employment, Income, and Output Effects of Real Estate Industry Partnerships and LLCs in the U.S.

Impact Type	Employment	Labor Income	Value Added	Output
Direct & Indirect Effect	9,044,356 workers	\$518.5B	\$896.8B	\$1,272.2B

Real estate partnerships have contributed to the employment of over **9 million workers, \$518 billion of labor income, and \$897 billion of value added to the U.S. GDP.**²²

Nearly **2 million** U.S. partnerships with more than **8 million** partners are engaged in leasing and other real estate-related activities, such as brokerage and construction.²³

Foreign Investment In U.S. Real Estate²⁴

Foreign investment in U.S. commercial real estate totaled **\$92 billion** in 2021-2022, including **\$27.3 billion** in multifamily housing.

The *Foreign Investment In Real Property Tax Act (FIRPTA)* imposes a discriminatory capital gains tax on foreign investors in U.S. real estate. The Roundtable supports measures to repeal *FIRPTA* to increase capital formation and investment in U.S. real estate and infrastructure.

²²Center for Capital Markets Competitiveness, "Impact on Jobs, Tax Revenue, And Economic Growth of Proposed Tax Increase on Carried Interest", 2021.

²³Internal Revenue Service, "SOI Tax Stats - Partnership Statistics - Rental Real Estate Income", 2019.

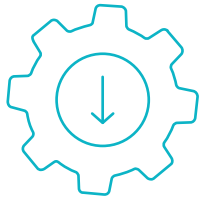
²⁴CBRE, *Foreign Capital Flows*, 2023.

Step-Up In Basis²⁵

Recent proposals for adding a second layer of tax on one's assets at death would be punitive, confiscatory, and would force many family-owned and closely-held real estate businesses to liquidate rather than grow and continue from one generation to the next.

The economic implications:

Impact of Repealing Step-Up in Basis



40,000 jobs would be lost every year in the first 10 years from enactment



GDP would decrease by **\$50 billion** over 10 years

Opportunity Zones^{26, 27}

Opportunity Zone (OZ) investments qualify for reduced capital gains taxes. By promoting long-term investment, economic development, and job growth in low-income areas, OZs are having a positive impact on local communities:

In 2020, the Council of Economic Advisors estimated that Opportunity Funds had raised

↑ **\$75 billion**

in private capital in the first two years following the incentives' enactment, including

\$52 billion

that would not have otherwise been directed to these communities. The Council projected this capital could lift

1 million

people out of poverty and decrease poverty in Opportunity Zones by 11%.

Housing is leading the way: Through March 2023, Opportunity Funds focused on building much-needed housing—either entirely or as a component of their business strategy—have raised over **\$28 billion** in equity from investors, outraising other categories such as commercial, hospitality, and renewables.

²⁵ [Ernst & Young, Repealing Step-Up of Basis on Inherited Assets: Macroeconomic Impacts and Effects on Illustrative Family Business, 2021.](#)

²⁶ [White House Council of Economic Advisors, The Impact of Opportunity Zones: An Initial Assessment, 2020.](#)

²⁷ [Novogradac, Opportunity Resource Center, 2023](#)

Filling The Housing Gap²⁸

There is a chronic shortage of housing in the U.S. that is driving up housing prices and making it more difficult for lower-income individuals to find safe, affordable housing. For years now, housing production in the U.S. has not kept pace with expanding housing needs.



The underbuilding gap in the U.S. is an estimated **5.5 million** housing units.

The impact of this growing problem of an undersupply of affordable housing is far-reaching and undermines economic growth—particularly in urban areas.



There is a **\$4.4 trillion** underinvestment in housing.

²⁸[National Association of Realtors, Housing Supply and Affordability, 2021.](#)

Physical Characteristics of U.S. Commercial Real Estate Infrastructure²⁹

There are **5.9 million** non-residential buildings in the U.S.



1 million warehouses & storage buildings



972,000 office buildings



518,000 retail buildings



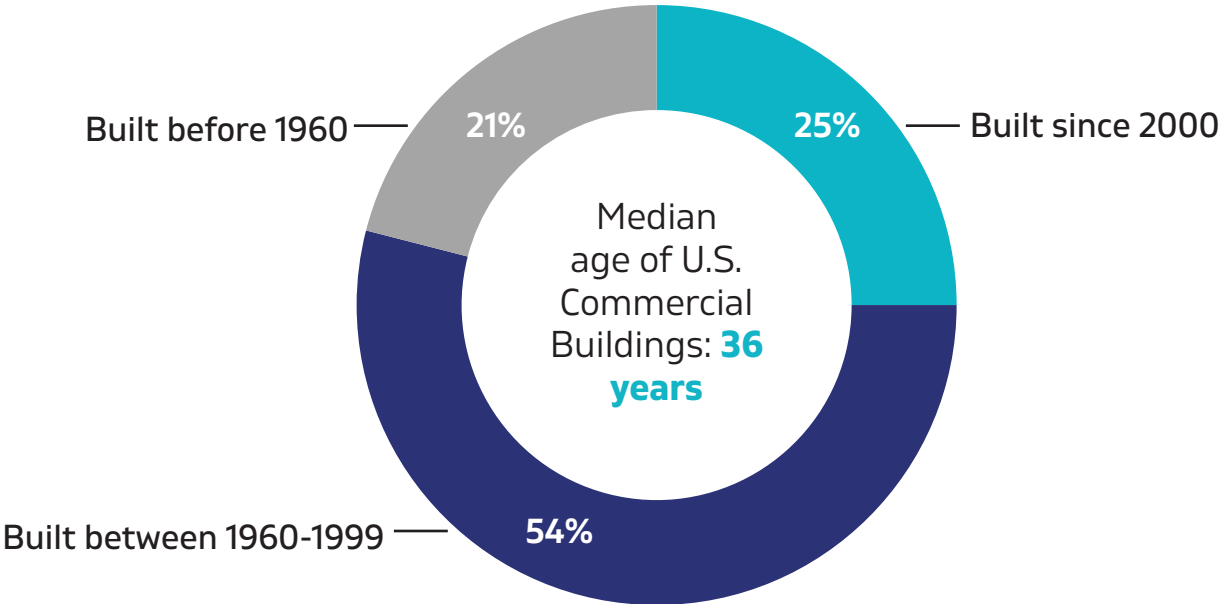
214,000 hotels and commercial lodging buildings



137,000 health care buildings

97 billion ft²: Total U.S. commercial floorspace

Median Age of U.S. Commercial Buildings



²⁹[U.S. Energy Information Administration, 2018 Commercial Buildings Energy Consumption Survey, 2021.](#)

Buildings By Size³⁰

Our buildings are getting bigger. While the number of all U.S. buildings has grown by **6%**, floorspace has grown by **11%**. For commercial real estate specifically, the number of buildings has increased by **55%** from 1979-2018 and has resulted in a floorspace increase of **90%**.



9,000
buildings over
500K ft²



40,000
buildings
201K ft² to
500K ft²



93,000
buildings
100.1K ft² to
200K ft²

Over 97% of the U.S. commercial building stock is 100K ft² or smaller.

Growth in building size continues to outpace increases in the absolute number of U.S. buildings.

Since 2012:

■ Number of all U.S. buildings  **6%** Total floorspace  **11%**

From 1979-2018:

- The number of commercial buildings has increased **55%** (**3.8 million** buildings to **5.9 million** buildings).
- Amount of commercial floorspace has increased **90%** (**51 billion ft²** to **97 billion ft²**).
- Buildings larger than **100,000 ft²** account for less than **3%** of commercial buildings, but **34%** of commercial floorspace.

³⁰U.S. Energy Information Administration, 2018 Commercial Buildings Energy Consumption Survey, 2021.

Revitalizing Downtowns

The Impact of Remote Work on Cities

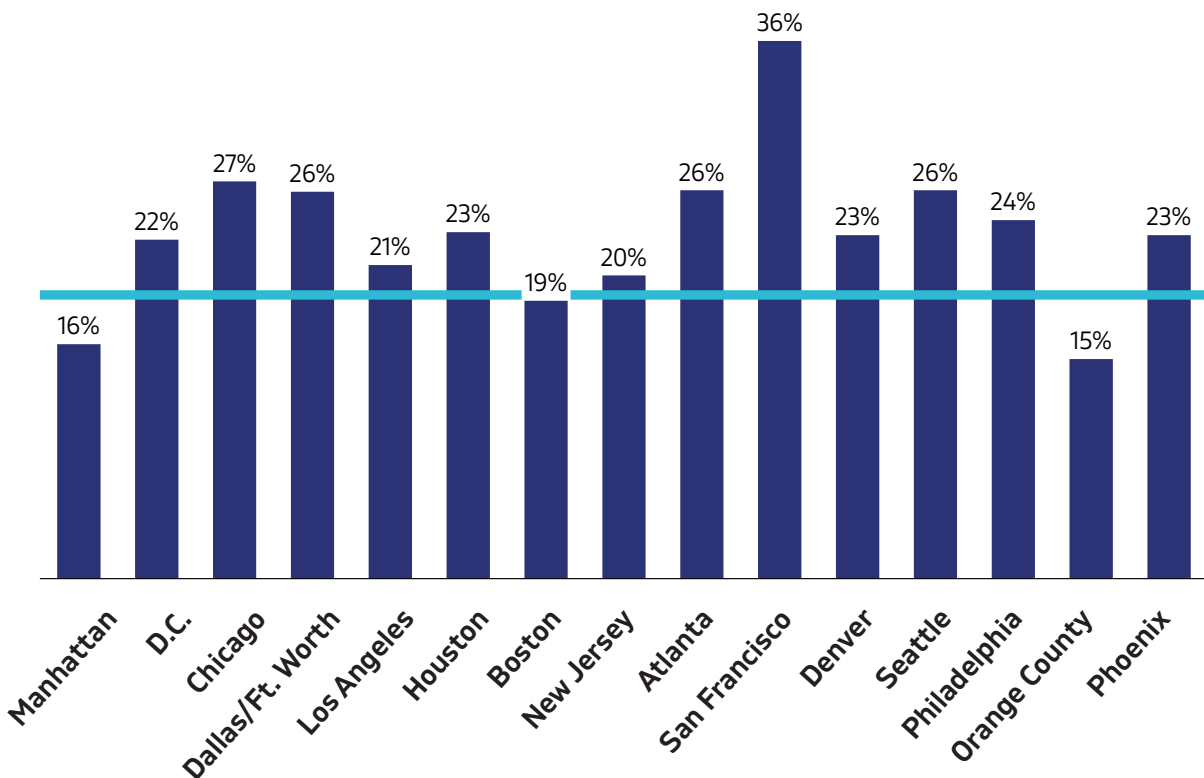
America’s cities are struggling. The COVID-19 pandemic spurred the widespread adoption of remote and hybrid work policies, resulting in increased vacancies, decreased building valuations, and lost economic activity and tax revenue for cities and communities.



In Q2 2024, office vacancies reached a national average of **19.2%**.³¹

Office markets across the country are struggling, with major metro areas across the country experiencing the highest vacancy rates since the 1991.³²

Vacancy Rates by Commercial Real Estate Market, 2024



*The blue line indicates the national commercial real estate market’s vacancy rate in Q4 2019

³¹CBRE, *Signs of Office Market Recovery Emerge, 2024.*

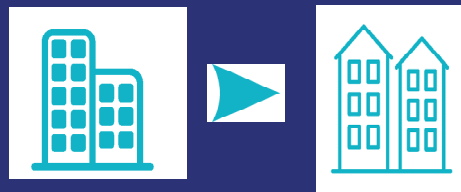
³²Moody’s, *Q4 2023 Preliminary Trend Announcement, 2024.*

³³CBRE, *Signs of Office Market Recovery Emerge, 2024.*

Property Conversions

Concurrently, there is a severe shortage of affordable housing throughout the U.S. As a solution, The Roundtable is encouraging lawmakers to help revitalize cities, boost local tax bases, and address housing challenges by enacting a tax incentive for converting older, under-utilized buildings to housing.

Currently, only **2%** of vacant offices are undergoing the conversion process.³⁴



However, **15%** of office buildings are suitable for residential conversion.³⁵ And for projects that are possible, in-depth research shows that conversions are financially feasible and may even be faster than new construction.³⁶



City Spotlight: Washington, D.C.

At the end of Q4 2023, D.C.'s office vacancy rate was **21.6%**.³⁷

However, bright spots in the market exist as tenants are moving to high quality spaces when relocating.³⁸

The city is also offering tax incentives for property conversions.³⁹ As of early 2023, **383** units were undergoing conversion and **2,105** units were a part of planned conversion projects.⁴⁰



³⁴ [Conversions of Office Buildings to Apartments, Labs, and Hotels Have Captured Attention, But Activity Amounts to Just 2% of Overall Office Market, 2022](#)

³⁵ [The White House, Commercial-to-residential Conversion: Addressing Office Vacancies, 2023](#)

³⁶ [NMHC, Behind the Facade, The Feasibility of Converting Commercial Real Estate to Multifamily](#)

³⁷ [CBRE, Washington DC Office Figures Q4 2023, 2024](#)

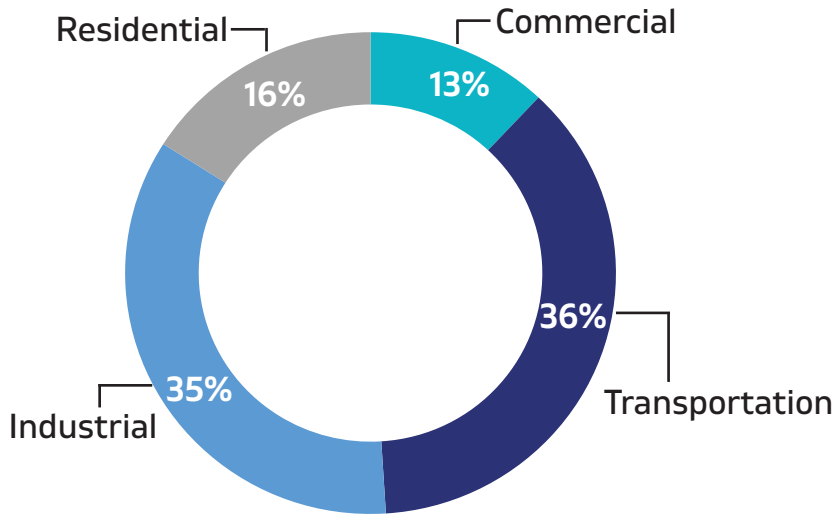
³⁸ [CBRE, Washington DC Office Figures Q4 2023, 2024](#)

³⁹ [Commercial Observer, DC Offering Over \\$50M in Tax Breaks for Office Conversions Downtown, 2024](#)

⁴⁰ [Axios D.C., D.C.'s office-to-residential pivot is happening, 2023](#)

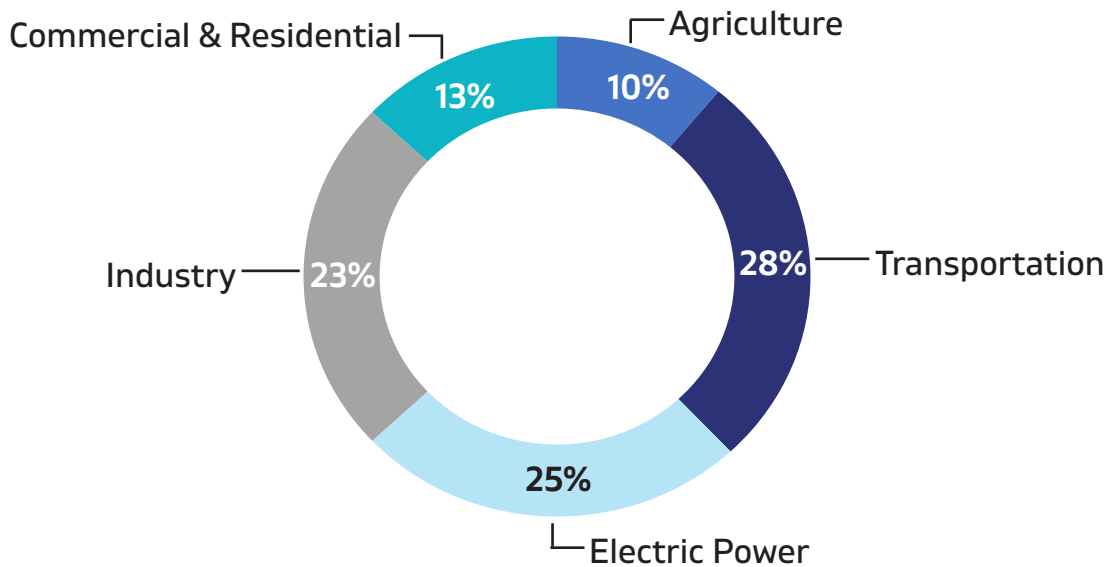
U.S. Real Estate Climate Impacts

U.S. Energy Consumption By Sector, 2021⁴¹



Overall, commercial buildings consumed **12%** less energy per square foot of floorspace in 2018 than in 2012.⁴²

Total U.S. Greenhouse Gas Emissions By Economic Sector In 2021⁴³

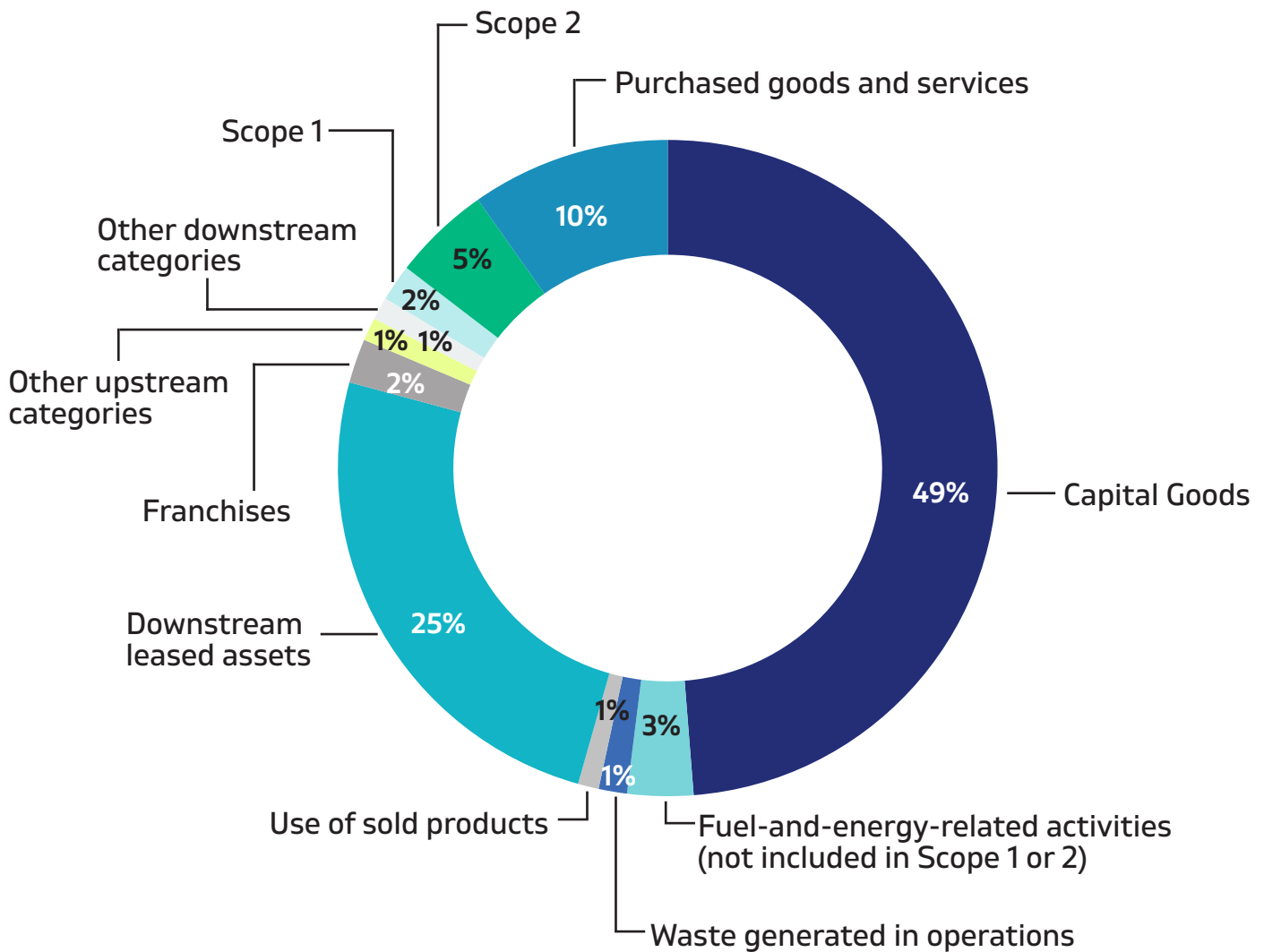


⁴¹[U.S. Energy Information Administration, U.S. Energy Consumption by Source and Sector, 2022.](#)

⁴²[U.S. Energy Information Administration, 2018 Commercial Buildings Energy Consumption Survey, 2022.](#)

⁴³[Environmental Protection Agency, Sources of Greenhouse Gas Emissions, 2023.](#)

Real Estate Sector Total Scope 1+2+3 Emissions, 2022⁴⁴



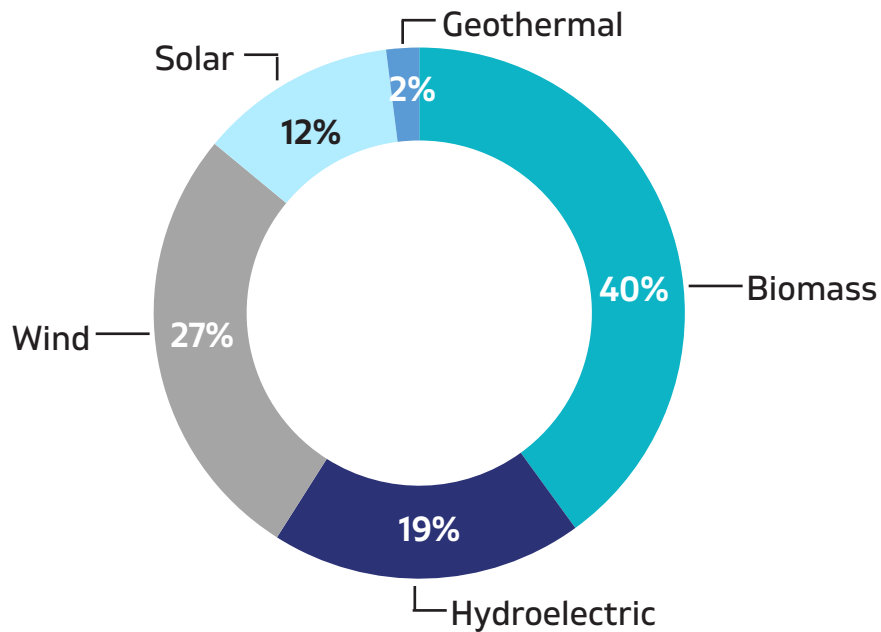
The overwhelming majority of real estate companies' emissions are indirect Scope 3 emissions from sources in their supply chains—such as from tenant operations in leased spaces, and carbon embodied in the manufacturing process of cement, steel, and other construction materials.

⁴⁴CDP Global, *Scoping Out: Tracking Nature Across the Supply Chain, Global Supply Chain Report 2022, 2023.*

What Powers U.S. Real Estate?⁴⁵

Power Source	Commercial	Residential
Retail Electricity Sales	50%	43%
Natural Gas	37%	42%
Petroleum	10%	8%
Renewable Energy	3%	7%
Coal	<1%	N/A

Renewable Energy Mix For The Commercial And Residential Sectors⁴⁵



⁴⁵[U.S. Energy Information Administration, U.S. Primary Renewable Energy Consumption by Source and Sector, 2022.](#)