

## CRE Terms: Development Terminology



In the following definitions we unpack some of the ways CRE professionals speak about CRE developments, including a few of the top or most common terms you will see when discussing the commercial development of buildings and land.

There are a lot of terms in use about where in the development cycle a property is. This includes “delivered” and “under construction” – both of which are pretty self-explanatory.

Other terms might not be so clear, especially when outside of CRE and construction circles they are used as near synonyms for each other, or the lines between them are harder to distinguish, such as renovation versus remodeling. The former is primarily about restoration while the latter is more about changing the form of something.

If you’re talking to a planner or construction professional, knowing the difference is essential. Here are three similar but distinct ones you need to know:

### #1 - Redevelopment

Here the key part of the word is “development” – as this is most often applied to properties or areas that are uplifted through a project. The NAIOP says that redevelopment includes the “tear down and rebuilding of most—if not all— structures on that site”.

Neighborhoods that are considered “transitional” are prime spots for redevelopment, as are neglected buildings in upcoming areas.

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### #2 - Renovation

As we said above, “renovation” is actually a fixed term and not a synonym for any upgrades. Renovations happen in existing structures and tend to focus on modernizing and refreshing.

A strategic renovation – such as the lobby of an older building – can change the feel dramatically, and practical renovations (such as to bathrooms or parking areas) can also improve valuations. The NAIOP says renovation is typically done without changing square footage or tenants.

### #3 - Retrofit

Retrofit is about putting modern amenities and features into older buildings and can refer to a large range of things, such as security, technology, energy management, heating ventilation and air conditioning, and on and on.

Incorporating newer, greener, and sustainable technologies is a booming retrofit market, especially as cities and countries set ambitious emission reduction targets for themselves.

*Definitions are from the NAIOP Research Foundation. NAIOP is the Commercial Real Estate Development Association.*

