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Some COVID trends becoming clearer - by Bill Pastuszek

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As this COVID situation drags on and even escalates, we enter this summer with great discontent and uncertainty. We thought if we hunkered down for a few months, paid our dues by staying in our bunkers and acting virtually (and virtuously), we would emerge heroically and a bit self-satisfied that we conquered and triumphed. So far, real estate markets (for the most part) and stock markets (ditto) reacted mostly positively, or, at least neutrally.

Not so fast. Some of us that did exactly what we were supposed to do; a lot of others did not. We are not quite sure if government did what it was supposed to do in a time of crisis. And this pandemic isn't going away that quickly, despite our collective hope that it does and we can return to our accustomed patterns of consumption.

Our collective mental health rises and falls daily, it seems, based on the state of infections, the stock market, and travel restrictions. We are saddened by sickness and death near and far.

As analysts of market behavior, we have a somewhat different timeline. The short term is of less concern to us. Buyers are viewers of value in the long term and opportunity in the short term. We know that value is the present value of future benefits, a concept that holds true whether we are looking at housing or investment markets.

Some trends are becoming clearer. Housing demand is strong, but is changing in response to buyer preferences in the pandemic that may become longer term trends. Trends include multiple office/work spaces in new residential construction; a move to less densely populated areas (for those who can afford it); and more private access to units in multifamily housing among others.

For offices, a "return" to more enclosed spaces and less "collaborative" open plans; more sophisticated air handling systems and "healthier" buildings; and a rethinking of transporting humans in elevated buildings are all trends being considered

In general, the green trends of the past 20 years will be adapted, refined, and expanded to meet pandemic challenges and climate adaptation mechanisms. Many, including me, are amazed by how quickly change takes place when the need to adapt is thrust upon us. Think barriers and the rise of Plexiglass— is it green, or, is it necessary?

The pandemic has also forwarded some social issues. Environmental justice, Black Lives Matter, and healthcare and housing access are among them.

There are many questions that need asking, so I will ask them. Asking questions has a habit of provoking answers, or, at the very least, discussion. Discussion could always lead to productive results.

As real estate professionals, we proudly point to the accomplishments of the last 50 years in terms

of fair housing, the development high performance standards for our various disciplines, and the fact that we believe we act objectively, impartially, and without bias. We have to ask, do we?

As appraisers, USPAP tells us not to be biased. Does acknowledging that high-minded exhortation mean that we are therefore without bias?

We observe and interpret market behavior, and base our opinions on the results of observations and analyses. Our decisions and opinions influence the markets we work in and thus make us part of the market. The notion that there is a huge amount of built-in, systematic bias in all systems, not only real estate, is one that bears close examination. As real estate professionals, we need to examine—very closely—how we interpret the data we find in the marketplace. We need to examine—very deeply—the assumptions and habits we are bringing to that data. Do we need to examine the data in different and expanded ways? Do we need to re-contextualize, to think differently, about the data we find? Do we need to expand the data we consider?

Uncomfortable with these lines of inquiry? Just a bit? Me too. This spring and summer have given us the much needed urgency to dig more deeply into these issues.

More on this will be coming in a future article, and I hope in our discussions throughout the profession.

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