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COVID-19 impact on commercial real estate education - by Alexis Fermanis

August 14, 2020 - Front Section



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As businesses around the globe begin slowly re-opening their doors, patrons and employees alike are anxiously awaiting to see the conditions of their favorite establishments. Just as individuals are dependent on their local shops opening, so too are local economies desperate for a return to normalcy.

The commercial real estate industry—office and retail/hospitality markets in particular—have surely been hit the hardest, but another area greatly impacted by this pandemic is the education industry.

Just how have educational institutions and professional associations been providing educational services, and how will they manage and deliver their future symposia and programming? Furthermore, how is that impacting the CRE industry and what are the lasting effects of any consequential changes to programs and services? How has education also impacted the use, value, and future of real estate and the economy? For some answers, SIOR reached out to a few individuals who recently discussed this topic.

Boston University's Program for Real Estate Studies is currently offering a complimentary, six part webinar series on how the future of commercial real estate industry could unfold after COVID-19. The fourth session discussed the future real estate impacts on education, and how institutions and associations are coping, and how real estate could be impacted or for colleges to be forced to monetize real estate holdings. Jay Halfond, professor of the practice and the former dean of BU's Metropolitan College; Lizzy Lokken, vice president of SIOR Programs; Robert Nahigian, SIOR, principal at Auburndale Realty Company in Boston and a commercial instructor at Boston University; and Jonathan Keefe, program director for the Real Estate Studies program at BU, sat down—via ZOOM, of course—with over 150 in attendance to address the future of professional association education including designations, conventions, and chapter programming.

Impacts to Educational Facilities: To consider the short- and long-term impacts on commercial real estate for educational facilities, as well as how any changes to the education industry will affect the CRE industry, we must first look at the types of challenges and changes the education industry is experiencing.

Even before the pandemic, a shift to distance learning had begun. “One out of six students is exclusively online learning,” said Halfond. “American education has already had more capacity than it could fill. We came into the pandemic with overcapacity...many schools were already in trouble.”

According to Halfond, colleges and universities are now issuing refunds for the remainder of the current school year, and are also considering refunds and modified options for the fall. And even if schools open their doors, students may not return. Will they or their parents be able to afford school now? Is room and board considered logical if half the time they are remote learning? And if students no longer secure housing for the fall, how will that impact building leases, especially to universities that own their buildings?

Some colleges have already not made it through this pandemic—especially those suffering prior to the outbreak. Communities that rely on schools as their economic anchor may suffer the most. According to Keefe, the design of college campuses may have to be rethought to improve social distancing requirements. And fewer seats in each class may impact enrollment and revenue, so alternate solutions may need to be considered.

Nahigian is noticing some schools getting creative to help address this problem. Many are looking to real estate to help offset their budgets, and they are doing so with caution. “If they repurpose [buildings] and if there is then a vaccine and the demand comes back, do the colleges keep these buildings or try to buy them back? It’s not easy.” Nahigian is seeing colleges transacting sale leasebacks as schools are trying to monetize their campuses as much as possible, but he cautions that a quick reaction to the current pandemic may be difficult to recover from, should things get back to normal.

Continuing Education: As the designs of campuses change and technology becomes more prevalent, professional associations are also considering the impacts to their roles. Membership associations are often networking driven, and just like the commercial real estate industry, they thrive on face-to-face relationship building. Many host large events—often educational in nature—that are held in partnership with colleges and universities or that use their facilities. These associations are thus faced with rethinking their events and designation courses, conducting virtual events when possible, and finding new ways to keep their members connected online.

Another side to consider is the impact of the pandemic to commercial real estate continuing education (CE) and association education. Education and networking associations are often the key to setting oneself apart from the competition and to enhance one’s business acumen. More importantly, nearly all states require CEs to maintain licenses, and many associations—including SIOR—require that licenses are active and valid to obtain designations. It’s critical to ensure brokers are staying updated with the latest tools and knowledge to excel in their field, both professionally and ethically. How has professional association education been impacted and what are the plans for the future?

“We’ll be seeing a hybrid of virtual and smaller events where you can build in social distance guidelines,” said Lokken. “For now, if you have [a course] that was approved, you can offer it online—but you can’t make changes. What you present online has to follow the same structure of what it was applied and approved for.” According to Lokken, many states have begun lifting some restrictions to ensure licenses can be renewed and education requirements can still be met virtually. Technology continues to come out daily to help provide services, so the capability is there. “The larger question for professional associations becomes how you can replicate the onsite experiences for your attendees when you can’t meet in person. “Lokken went on to explain the millions of dollars lost to a local economy by canceling three day conventions, regional events and the thousands of dollars lost canceling designation or stand-alone course.

Time will tell, and while no one has a crystal ball, one thing is for certain: education will remain vital to the commercial real estate industry, but evolving appears necessary to survive.

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