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## **COVID-19 has forced some CRE sectors to adopt new technology and to make changes - by David O'Sullivan**

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Welcome to the time of turmoil for the real estate and construction industry. We survived the pandemic of the last year, which wreaked havoc with the way we do business and how we communicate with towns and each other. Now we face new challenges with supply costs, labor shortages and price increases in homes in the suburbs beyond expectations.

We have all looked internally over the last year on our company's operation and determined what changes we needed to make to survive or in some cases thrive with the pandemic. We learned to work remotely with some aspects of business and learned that some things just do not work well remote. Many have found that they needed to continue as before because there were no alternatives. No matter what went on over the last year, we have definitely learned to be adaptable. Last year, the construction and real estate industry, a sector that has been historically reluctant to adopt technology, invested more in technology than ever before as the pandemic shutdowns and restrictions across the country forced the industry to make the change. The technology has been most helpful with improving safety on sites and becoming aware of conditions at sites that need to be addressed. Another aspect has been material tracking. With the issues of finding materials and unforeseen delays, the construction industry is doing more preplanning and researching new sources to obtain materials needed to construct their projects. Data management, long an issue in the industry, has been improved with new technology and getting correct information where it is needed has benefited from this. Hopefully we can see continued improvement in these aspects of construction.

The real estate market has also been in turmoil. Showing homes for sale or apartments for rent has gone virtual when needed and with new rules when meeting in person. As the pandemic comes under control though vaccinations and some aspects attempt to return to a more normal state, they are facing new challenges. Lack of inventory in the suburbs has made bidding wars reach new heights as buyers needs and desires has been upended by the pandemic. We are all reevaluating our homes since spending so much time there, transforming them into homes, offices, classrooms, entertainment venues and restaurants. The definition of home has changed for all of us over the last

year. As everyone tries to fill the demand in the suburbs for new housing, there are the same hurdles the developers have faced in years past. Lack of available land hampers new construction, restrictive zoning laws limit density and long approvals means shifts to develop new housing is a slow process. There is hope as more towns are allowing higher density developments and mix of uses, especially in their downtowns. These attract the existing residents and they sell their larger homes opening up opportunities for younger buyers to purchase the single family homes.

If you are working in the rental side of the industry, it is an entirely different story. As the larger cities see increases in construction of new apartments, there has been an exodus from major cities and the high cost to rent towards the suburbs. Rents in the city have dropped as students never returned and those graduating had moved home and did not stay. Others left the city as the aspects, which made them so desirable pre-pandemic, disappeared. New buildings, which lean toward the luxury market, have suffered as both empty nest and foreign prospects have dried up as a source of new residents. Developers have been offering big incentives to fill their buildings. This represents an opportunity as pandemic restrictions ease and life in the city returns to something more desirable. There is still fear on many people that something like this could happen again, making many rethink their plans of a couple years ago for city living.

As we emerge from the pandemic and some of its restrictions, we see new challenges and continued uncertainty. The students will return in the fall to lease many of the apartments which have gone empty over the last year. Will the older suburban residents resume their move to the city or will they stay put? Will they take advantage of new housing types being developed closer to home as security and comfort instead of making the leap to the city? This is certainly a time of turmoil in the real estate industry which reflects our uncertainty in our own lives.

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