

## 2021 TOP TEN ISSUES AFFECTING REAL ESTATE®

The Counselors of Real Estate®

### Space Utilization and the Built Environment

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*Space Utilization was listed as the #7 issue in the 2020-21 Top Ten Issues Affecting Real Estate® by The Counselors of Real Estate®.*

Many new ideas, solutions, and procedures have been born through the COVID-19 pandemic and will remain a part of our lives even after the pandemic subsides. For that reason, this period will create significant short and medium-term opportunities to monetize, a phoenix rising from the ashes of failed retail, office blocks, small universities and trade schools, and other property uses that may be casualties of the pandemic.

COVID-19 has also stressed the use, location, mechanical infrastructure, and interior configuration of commercial buildings. High-rise, urban core buildings will suffer in the short term, while more suburban office blocks will experience reinvestment that has evaded them for much of the last generation. To be clear, however, the focus on mechanical systems in all buildings will cause major redesign and rebuilding to improve indoor air quality and reduce the transmission threat of airborne particulates. The focus, finally, will be on the health of building occupants across all aspects of their journey: building entry, vertical transit, air quality, and even mitigation of fecal plumes in restrooms (time to add toilet lids).

The clear beneficiaries of this crisis appear to be

#### ABOUT THE AUTHORS



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technology companies and e-commerce providers. A huge increase in the volume of goods purchased online is not only generating short-term benefit for those providers but also significantly increasing the "literacy" of online shoppers. The result will be catalytic post-

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pandemic behavioral change on the provisioning and distribution of retail and wholesale goods and services, fundamentally changing the expectation of normal. Many who had resisted the idea of online grocery shopping have since embraced its convenience. At scale, this migratory behavioral change will not only transform city planning—replacing the need for large-format grocery stores with smaller specialized markets—but also result in more direct connections between food production and consumers by removing the need for product staging and retail display. Consumers will have access to fresher produce, at lower costs, either directly from producers or regional wholesalers.

Many classic retail formats and retailers will never recover and require creative re-use or fundamental redevelopment to replace their former vitality. In that respect, the COVID-19 crisis will catalyze change, rebuilding, and transformation on a scale not seen since the end of WWII.

Expect acceleration of planned, medium-density, mixed-use communities in place of old retail formats, with design that will embrace walkability and integration of uses that enable continued normalcy in case of subsequent lockdown orders. Intentional design will deliver social connectedness with physical distancing that

integrates residential, office, retail, and public spaces that closely resemble older European cities. Images of Italians talking, singing, and sharing from their windows and balconies resonate across cultures and provide inspiration for “new” development patterns.

Density and affordability of housing, job opportunities, social services and health care, as well as cultural, sports and recreational activities will be even more key in urban planning, with significantly-revised expectations on capacity as we climb out of the pandemic period.

Governing principles will focus on the clustering of these needs, helping not only manage project economics but also deliver increased resilience and sustainability in how communities evolve through different periods while maintaining high quality of life. Cooperation between the private and public sectors will be much more important in planning, recognizing the interdependencies on uses in the urban fabric and helping create viable paths forward through the resulting economic downturn. New formats of cooperation will need to be embraced to ensure greater integration, sustainability, and flexibility to adapt to future crises, technological innovation, and societal evolution over time. •



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