

Imagining the Real Estate Markets Post-Pandemic - *Client Newsletter*

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7.10.20

The Real Estate Market at the Start of 2020

Demise of Suburban Office Campuses

If you had asked me where the markets stood six months ago, I would have stated that the demise of suburban office campuses would be ongoing as Millennials continued to seek to live in urban centers, where they could easily congregate with their friends and walk, bike or use public transportation to work. Indeed, many simply worked from home. This, in turn, adversely affected the suburban housing market and exerted downward pressure on the price of single family homes.

Growth in Care Facilities

I would also have noted that we would continue to see the expansion of congregate care facilities, as the older Boomers were entering their seventies and were expected to live longer than their parents, a significant number of whom were now living in nursing homes and assisted-living facilities.

Upward Trend for Warehouse Space, Less Retail

As for the warehouse/light industrial market, the decline that we saw following the collapse of the financial industry a decade earlier had been reversed with the prevalence of on-line shopping and the concomitant need for warehouse space and was expected to continue to trend upward. Since every action in the real estate markets seems to generate an equal and opposite reaction, the retail market had been in decline and was expected to maintain its downward trend, despite the uptick in destination places such as gyms, restaurants and nail salons, not to mention medical practices, more and more of which were moving from traditional office settings to malls and other retail

environments.

THE PANDEMIC CHANGED REAL ESTATE QUICKLY, AND SEVERELY

Enter the unimaginably awful COVID-19.

Safer to Live in Single-Family Home?

The ability to maintain distance by living in a single-family home suddenly seems very desirable, even though it might mean having to own a car, as it would obviate the need to endure unavoidable lobbies and elevators.

Efficient to Work from Home?

But would this potential trend have a positive effect on the suburban office market? Not so fast. We have learned (and by “we” I mean geezers of my generation) that business can still get done with people working from home; face-time, while not entirely obsolete, turns out to have been overrated. Most importantly, why in the world would we continue to pay all that money for office space when such a sizeable portion of our workforce can oft-times practice their craft at home?

Warehouses Still Trending Up While Retail Slides Further

Warehouse space will continue to be in high demand, as more and more of our population relies on on-line delivery services to purchase all imaginable types of goods, from groceries to clothing to pharmaceuticals and any other household product. Sadly, this will drive a further stake into the heart of the bricks and mortar retail environment.

Senior Housing Market May See Changes

As for the housing needs of our aging population, we have learned that the nursing home is not the best model, certainly not in a pandemic. The senior housing market will have to be reimagined entirely.

All of this seems so clear—until the next shock wave.