Will COVID Change Where and How We Live?
Thanks to our sponsor for this session

FGMC

Announcing that Kristin Sullivan is joining the firm as Senior Advisor for Land Use & Infrastructure
Panelists

Prof. Chris Nelson  
University of Arizona

John Covert  
Zonda Advisory

Gene Myers  
Thrive Home Builders
The Resilience of Cities

Arthur C. Nelson, Ph.D., FAcSS, FAICP
Professor of Urban Planning and Real Estate Development
University of Arizona

ROCKY MOUNTAIN LAND USE INSTITUTE
March 2021
A Little Perspective

European cities’ growth exploded after the plague.

In less than a generation, Hiroshima was more dynamic after the bomb than before (*never again ...*).

Ground Zero in NYC became so valuable for residential real estate that office was pushed out → If the Freedom Tower was residential it would be ~100% occupied with no subsidies.
A Few Myths about Covid-19

The future of **office is dead**

**Working from home** is where it’s at

Traditional retail is **more than dead**

Social distancing = **Head for the hills**
Offices will Re-emerge, Again

Offices are a source of **teamwork** innovation. Modern companies **internalize** social interaction. **More innovations** are done around the water cooler and in the cafeteria than the microwave at home.


Jamie Dimon’s J.P. Morgan Chase bank is less profitable because workers aren’t working in the same space together.

*... it’s time to get people back to the office.*
What Do Workers and Employers Say?

**WORKERS**

- **Close to boss** for reviews, promotion, pay increase
- **Camaraderie** of office mates and friends.
- **Do not want less pay** working at home.
- **Recognized** for their good work in the office.
- Most are **more productive** working in the office.
- Most want to **network in the office**.
- **Do not want to miss** office meetings, client gatherings and social events working at home.
- Most want to **share information** and learn from their superiors and mentors while in the office.

**EMPLOYERS**

- Worker **Productivity falls** about 20% when they work remotely.
- **Communication is more efficient** with employees in the office.
- **Performance review/mentoring** is easier in the office.
- Managers **want more workers** in the office as this increases their status, compensation, and corporate advancement.
- **Workers not in the office** has a negative effect on the company culture and strategy.
Working from home is *NOT* where it’s at.

It’s **novel** for a while ...
... but **wears off** after about 6 months.  
Productivity **increases** for 6 months
... then begins to **crash**.

**Cabin fever** sets in ...
... your home is your prison → **house arrest**?
Where’s the **tech support** when you need it?
Traditional Retail Will Do What it Does Best

CHANGE

COVID-19 merely **accelerated trends**—and that’s a **good thing**.

New retail leasing mantra: **Amazon proof**

tenants—and that’s a smart thing.

Traditional retail spaces becoming

**more diverse**

- Offices—parking anyone?
- Public places (libraries, service centers)
- Clinics/out-patient centers
- First/Last mile shipping/returns/etc.
- New forms of community gathering
- New places for people to live

The **constant about retail** is that it is never constant.
Head for the Hills → NOT

If there is a perception that the pandemic has ushered in a mass migration, it is not supported by the data. ... Americans moved less during the pandemic than they normally would have, not more.


Of those who moved, 15% cited Covid-19 as these reasons (85% moved anyway) → 37% said they could not afford housing because of income loss especially → 

New York/Manhattan and San Francisco
33% moved to shelter in place with friends or family
24% of the 15% (=3.6%) didn’t feel safe where they were because of Covid.


Nearly all who moved stayed within commuting range of work after Covid.

One Covid benefit → Low interest rates but they are already rising → Party’s Over?
Realities

- The open office, hot-space concept will change but it may be about time.
- Some will work more from home and new/proven technologies will help (Zoom) but for nearly all the workplace is still where it’s at.
- Amazon-proof retail will expand while retail centers will become more diverse places of offices, services, gathering and even residences.
- Exurban and urban fringe living is NOT where it’s at.

https://www.cnu.org/sites/default/files/wyandanch.jpg
2024 Prediction

Downtowns of New York City ... San Francisco ... Denver ... Etc.

Will all be less affordable to own than before Covid-19

But will be home to even more people.
RMLUI

Will COVID Change Where & How We Live?

John Covert, Regional Director
March 2021
Never has “Home & Community” been more important than it is today.
COVID-19 Impacts

A new focus

• A new reality with family
• A new focus at home

Housing Opportunities

• The vaccine is finally here…
• Very low interest rates
• Very low supply

• Consumers are embracing innovation
• Consumers WANT innovation
### Age Range

<table>
<thead>
<tr>
<th>Age Range</th>
<th>US</th>
<th>Denver 2019</th>
<th>Denver 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 25</td>
<td>2%</td>
<td>1%</td>
<td>4%</td>
</tr>
<tr>
<td>25 to 44</td>
<td>43%</td>
<td>43%</td>
<td>56%</td>
</tr>
<tr>
<td>45 to 64</td>
<td>40%</td>
<td>41%</td>
<td>32%</td>
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<tr>
<td>65 to 74</td>
<td>13%</td>
<td>13%</td>
<td>7%</td>
</tr>
<tr>
<td>75+</td>
<td>2%</td>
<td>3%</td>
<td>1%</td>
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</table>

### Generation Segment

<table>
<thead>
<tr>
<th>Generation Segment</th>
<th>Born</th>
<th>(Age at 2020)</th>
<th>US</th>
<th>Denver 2019</th>
<th>Denver 2020</th>
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<tbody>
<tr>
<td>Centennial</td>
<td>1996-2004 (16-25)</td>
<td>2%</td>
<td>1%</td>
<td>4%</td>
<td></td>
</tr>
<tr>
<td>Young Gen Y</td>
<td>1986-1995 (26-35)</td>
<td>19%</td>
<td>16%</td>
<td>29%</td>
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</tr>
<tr>
<td>Tweens</td>
<td>1976-1985 (36-44)</td>
<td>23%</td>
<td>25%</td>
<td>26%</td>
<td></td>
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<tr>
<td>Mature Gen X</td>
<td>1966-1975 (45-54)</td>
<td>19%</td>
<td>22%</td>
<td>17%</td>
<td></td>
</tr>
<tr>
<td>Young Boomer</td>
<td>1956-1965 (55-64)</td>
<td>20%</td>
<td>20%</td>
<td>14%</td>
<td></td>
</tr>
<tr>
<td>Mature Boomer</td>
<td>1946-1955 (65-74)</td>
<td>13%</td>
<td>13%</td>
<td>8%</td>
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</tbody>
</table>

### Lifestage

<table>
<thead>
<tr>
<th>Lifestage</th>
<th>US</th>
<th>Denver 2019</th>
<th>Denver 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single</td>
<td>16%</td>
<td>16%</td>
<td>16%</td>
</tr>
<tr>
<td>Single(s) with children</td>
<td>4%</td>
<td>2%</td>
<td>4%</td>
</tr>
<tr>
<td>Young Couples</td>
<td>10%</td>
<td>11%</td>
<td>15%</td>
</tr>
<tr>
<td>Mature Couples</td>
<td>26%</td>
<td>25%</td>
<td>18%</td>
</tr>
<tr>
<td>Young Family</td>
<td>24%</td>
<td>25%</td>
<td>28%</td>
</tr>
<tr>
<td>Mature Family</td>
<td>20%</td>
<td>19%</td>
<td>19%</td>
</tr>
</tbody>
</table>
2021 Denver’s Top 20 Selling Communities
What’s Driving Sales?
16 of The top segments are along 470 or South of I-70
Affordable Single Family DTQ
50% are Higher Density

<table>
<thead>
<tr>
<th>Rank</th>
<th>Project</th>
<th>Builder</th>
<th>Product</th>
<th>Lot Width</th>
<th>Min. Unit sq ft</th>
<th>Max. Unit sq ft</th>
<th>Min. $</th>
<th>Max. $</th>
<th>3 Month Sales Rate</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>Harmony</td>
<td>Century Communities</td>
<td>SFD</td>
<td>50'</td>
<td>1,570</td>
<td>2,434</td>
<td>$436,990</td>
<td>$490,990</td>
<td>17</td>
</tr>
<tr>
<td>2</td>
<td>Midtown/Cadence</td>
<td>Brookfield Residential</td>
<td>Townhouse</td>
<td>-</td>
<td>1,786</td>
<td>2,092</td>
<td>$450,000</td>
<td>$480,000</td>
<td>16.33</td>
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<tr>
<td>3</td>
<td>Oak Neighborhood at Copperleaf</td>
<td>Richmond American Homes</td>
<td>SFD</td>
<td>55'</td>
<td>1,880</td>
<td>3,000</td>
<td>$548,950</td>
<td>$618,950</td>
<td>15.67</td>
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<tr>
<td>4</td>
<td>Homestead at Crystal Valley</td>
<td>Century Communities</td>
<td>SFD</td>
<td>40'-60'</td>
<td>1,560</td>
<td>2,408</td>
<td>$406,990</td>
<td>$498,990</td>
<td>15</td>
</tr>
<tr>
<td>5</td>
<td>Encore Castle Rock</td>
<td>Confluence Companies</td>
<td>Condo</td>
<td>-</td>
<td>927</td>
<td>1,590</td>
<td>$384,874</td>
<td>$888,607</td>
<td>14</td>
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<tr>
<td>6</td>
<td>Sterling Ranch/Ascent Village</td>
<td>Richmond American Homes</td>
<td>SFD</td>
<td>50'-60'</td>
<td>1,930</td>
<td>2,500</td>
<td>$566,950</td>
<td>$719,950</td>
<td>13.33</td>
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<tr>
<td>7</td>
<td>Jeff Park Flats</td>
<td>Dublin Development</td>
<td>Condo</td>
<td>-</td>
<td>1,031</td>
<td>1,031</td>
<td>$499,900</td>
<td>$499,900</td>
<td>11.33</td>
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<tr>
<td>8</td>
<td>Tanglewood</td>
<td>Century Communities</td>
<td>SFD</td>
<td>50'</td>
<td>2,037</td>
<td>3,797</td>
<td>$580,990</td>
<td>$680,990</td>
<td>11</td>
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<tr>
<td>9</td>
<td>Aurora Highlands</td>
<td>Richmond American Homes</td>
<td>SFD</td>
<td>50'</td>
<td>1,420</td>
<td>2,770</td>
<td>$467,950</td>
<td>$581,950</td>
<td>11</td>
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<tr>
<td>10</td>
<td>Anthology</td>
<td>Century Communities</td>
<td>SFD</td>
<td>50'-60'</td>
<td>1,610</td>
<td>3,423</td>
<td>$404,990</td>
<td>$644,990</td>
<td>10.67</td>
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<tr>
<td>11</td>
<td>Stone Creek Ranch</td>
<td>Richmond American Homes</td>
<td>SFD</td>
<td>60'</td>
<td>1,880</td>
<td>3,470</td>
<td>$561,950</td>
<td>$681,950</td>
<td>10.67</td>
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<tr>
<td>12</td>
<td>400 Littleton Village</td>
<td>Century Communities</td>
<td>Condo</td>
<td>-</td>
<td>1,118</td>
<td>1,384</td>
<td>$367,990</td>
<td>$417,990</td>
<td>10.67</td>
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<tr>
<td>13</td>
<td>Brookhaven</td>
<td>Lokal Homes</td>
<td>Condo</td>
<td>-</td>
<td>884</td>
<td>1,843</td>
<td>$278,990</td>
<td>$362,990</td>
<td>10.67</td>
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<tr>
<td>14</td>
<td>Crystal Valley/Pine Ridge</td>
<td>D.R. Horton</td>
<td>SFD</td>
<td>50'-60'</td>
<td>1,635</td>
<td>2,716</td>
<td>$457,990</td>
<td>$513,990</td>
<td>10.33</td>
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<td>15</td>
<td>Cornerstone Townhomes/Ph II</td>
<td>Ascent Builders</td>
<td>Townhouse</td>
<td>-</td>
<td>1,285</td>
<td>1,501</td>
<td>$325,900</td>
<td>$359,900</td>
<td>10</td>
</tr>
<tr>
<td>16</td>
<td>Independence/Pioneer</td>
<td>Lennar</td>
<td>SFD</td>
<td>50'-60'</td>
<td>1,366</td>
<td>2,952</td>
<td>$440,900</td>
<td>$575,900</td>
<td>10</td>
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<tr>
<td>17</td>
<td>Trails at Westreek</td>
<td>Century Communities</td>
<td>Condo</td>
<td>-</td>
<td>1,147</td>
<td>1,316</td>
<td>$334,990</td>
<td>$364,990</td>
<td>9.67</td>
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<tr>
<td>18</td>
<td>Urban Collection at Parkway Point</td>
<td>Richmond American Homes</td>
<td>Paired</td>
<td>-</td>
<td>1,260</td>
<td>1,470</td>
<td>$388,950</td>
<td>$396,950</td>
<td>9.67</td>
</tr>
<tr>
<td>19</td>
<td>Enclave at Founder's Village</td>
<td>Dream Finders Homes</td>
<td>Townhouse</td>
<td>-</td>
<td>1,337</td>
<td>2,053</td>
<td>$367,990</td>
<td>$459,990</td>
<td>9.67</td>
</tr>
<tr>
<td>20</td>
<td>Sterling Ranch/Ascent Village</td>
<td>Dream Finders Homes</td>
<td>Townhouse</td>
<td>-</td>
<td>1,420</td>
<td>1,459</td>
<td>$429,990</td>
<td>$449,990</td>
<td>9.67</td>
</tr>
</tbody>
</table>
New MPCs 2019-2020

<table>
<thead>
<tr>
<th>Community</th>
<th>Planned Units</th>
<th>% Attached</th>
<th>Lots Platted</th>
<th>Vacant Lots</th>
<th>Annual Starts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aurora Highlands</td>
<td>11,700</td>
<td>36%</td>
<td>321</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Baseline</td>
<td>6,208</td>
<td>76%</td>
<td>397</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Painted Prairie</td>
<td>3,071</td>
<td>11%</td>
<td>387</td>
<td>198</td>
<td>10</td>
</tr>
<tr>
<td>Green Valley Ranch East</td>
<td>9,235</td>
<td>2%</td>
<td>255</td>
<td>12</td>
<td>0</td>
</tr>
<tr>
<td>Harmony</td>
<td>3,000</td>
<td>10%</td>
<td>181</td>
<td>259</td>
<td>50</td>
</tr>
<tr>
<td>Sky Ranch</td>
<td>4,300</td>
<td>44%</td>
<td>256</td>
<td>167</td>
<td>83</td>
</tr>
<tr>
<td>Horizon Uptown</td>
<td>2,800</td>
<td>50%</td>
<td>146</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Canyons</td>
<td>2,500</td>
<td>20%</td>
<td>665</td>
<td>291</td>
<td>40</td>
</tr>
<tr>
<td>Trails at Crowfoot</td>
<td>884</td>
<td>15%</td>
<td>591</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Canyons South</td>
<td>966</td>
<td>0%</td>
<td>762</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Solstice</td>
<td>1,100</td>
<td>0%</td>
<td>245</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Montaine</td>
<td>1,014</td>
<td>0%</td>
<td>578</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Independence</td>
<td>921</td>
<td>0%</td>
<td>329</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>47,699</strong></td>
<td><strong>5,113</strong></td>
<td><strong>927</strong></td>
<td><strong>183</strong></td>
<td></td>
</tr>
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</table>

Source: Metrostudy
Includes 7 County Denver Metro, Larimer & Weld Counties

- Baseline 7,000 Lots
- Painted Prairie 3,071 Lots
- GVR - East 9,235 Lots
- Aurora Highlands 11,700 Lots
- Harmony 3,000 Lots
- Sky Ranch 4,300 Lots
- Horizon Uptown 3,500 Lots
- Canyons 2,500 Lots
- Trails @ Crowfoot 884 Lots
- Montaine 884 Lots
- Independence 921 Lots

- Solstice 1,100 Lots
- Canyons South 966 Lots
- Montaine 1,014 Lots
Suburban Ring is Growing (Adams, Arapahoe, Douglas, Weld...)

- Adams: 2931 (4Q20), 1877 (4Q19), 1178 (4Q18), 767 (4Q17)
- Arapahoe: 2139 (4Q20), 1318 (4Q19), 818 (4Q18), 575 (4Q17)
- Boulder: 767 (4Q20), 318 (4Q19), 198 (4Q18), 123 (4Q17)
- Broomfield: 1178 (4Q20), 642 (4Q19), 342 (4Q18), 220 (4Q17)
- Denver: 2533 (4Q20), 1564 (4Q19), 973 (4Q18), 570 (4Q17)
- Douglas: 3253 (4Q20), 1625 (4Q19), 970 (4Q18), 535 (4Q17)
- Elbert: 188 (4Q20), 103 (4Q19), 65 (4Q18), 39 (4Q17)
- Jefferson: 642 (4Q20), 365 (4Q19), 215 (4Q18), 128 (4Q17)
- SW Weld: 1420 (4Q20), 850 (4Q19), 510 (4Q18), 310 (4Q17)

Annual Starts
- 4Q15: 767
- 4Q16: 318
- 4Q17: 198
- 4Q18: 123
- 4Q19: 818
- 4Q20: 1877

Percentage Growth:
- Adams: 23%
- Arapahoe: 17%
- Boulder: 6%
- Broomfield: 3%
- Denver: 9%
- Douglas: 25%
- Elbert: 2%
- Jefferson: 5%
- SW Weld: 11%

Zonda Advisory
Many New Suburban Projects Are Designed With a Different Approach
Utility space and bathrooms shrink to accommodate more useable interior space
Bathrooms shrink for style to make room for more storage, office space, and affordable size
Small niche spaces for private study or work

Let them choose the laundry room indoors or another office
Office space(s) do not need to be large

Glass and light will make smaller spaces like this feel large and inviting
Fitness space and fitness room have gained interest public gyms will be out of favor for some time (source: Google Trends)
Nesting and isolation will continue to grow  
(predicted Jan 20)

- Why?
- Consumers no longer need to leave home to:
  - ...go to the movies
  - ...make dinner
  - ...have a car
  - ...drive to work
  - ...shop
  - ...or even go into a classroom

AND NOW COVID 19

- HUMAN CONNECTIONS NEEDED

2024 Prediction: Denver builders will still not have built as many homes as they did in 2006, appx. 20,000 for-sale units, while in that nearly 20-year timespan, the population of the Denver Metro Area will have added some 900,000 people
HOMES FOR HEALTH OF OUR CUSTOMERS AND OUR PLANET
ULTIMATE Z.E.N. HOME

Energy and Environmental Building Alliance (EEBA)/PROBUILDER magazine demonstration home.

Since 2013 we have constructed over 1000 Healthy Homes.

This prepared us for the Ultimate Z.E.N. Home in 2020.
Multiple Work/Learn From Home Spaces.

Multiple Outdoor Living Spaces, Front And Back.

Amazon Delivery Compartment.

Home Workouts.
Net Zero Energy.  
Onsite Solar And Battery Storage.  
Vehicle Charging Prewire. 
All Electric/Fossil Fuel Free. 

- DOE Zero Energy Ready Home 
- Energy Star 
- LEED Platinum
Source Control.

- Non-emitting materials.
- Panasonic COSMOS Smart Kitchen Hood.
- Air Things Radon, Temperature, VOC and CO2 Monitoring.
HEALTHY LIVING: VENTILATION

Filtration.
  • HEPA filtration.
  • MERV 13 with activated carbon media.

Active radon mitigation.

Humidification.

Balanced Ventilation.
At a time when we are constantly reminded that Home is the safest place to be, our homes resonate much more in post-pandemic market.