

# How the Pandemic Altered Multifamily Design

*Remote work, fresh air and social spaces reflect the 'new normal' after a prolonged period of isolation, but a weakening economy, high costs and supply chain issues may limit execution.*

Joe Gose

**A**bout two years ago, COVID-19 began fueling unprecedented buyer demand for multifamily properties as investors reasoned that everyone needed shelter and that an acute housing shortage, along with rising home prices, would drive long-term occupancy and rental rates.

Today, apartments continue to generate enthusiasm among investors despite a higher cost of capital and economic indicators that historically have flashed recession, namely two consecutive quarters of negative GDP growth and an inverted yield curve.

While the Biden administration along with some business groups cite strong employment and consumer demand to argue that these traditional signals don't apply to this cycle, the conditions nevertheless are cooling demand for commercial real estate in general.

More than \$154 billion in apartment assets traded hands in the first half of 2022, a year-over-year increase of 53 percent, according to MSCI Real Assets, which tracks commercial property sales of \$2.5 million and up. Moreover, developers started construction of 568,000 multifamily units in June alone, up 16.4 percent from a year earlier, according to the Commerce Department.

In addition to influencing investor demand, however, the pandemic is also affecting the design of apartments as well as functionality and amenity packages.

Most changes are subtle, architects say, and in some cases, the virus and lockdowns simply opened the door to ideas that had been discussed for years.

Nevertheless, if multifamily design trends have traditionally moved at a glacial pace, what's happening now is decidedly more discernable, says Andrew Roark, a principal of Forum Architecture & Interior Design in Altamonte Springs, Florida.

"Typically, once you get away from specific regional variations, multifamily design changes are fairly incremental — you usually don't see seismic moves," he adds. "I wouldn't say that the pandemic has had a tremendous impact, but it has had a more measurable impact than we tend to see to the point where you can see change from project to project."



JLG Architects completed Mercantile in Fargo, N.D., earlier this year. The property was built on the site of a former 1909 brick warehouse that was demolished in the 1960s. (Photo credit: Chad Ziemendorf)

### Focus on Flexibility

The fact that a large percentage of people continue to work from home in many cities, even if only part of the week, is arguably the biggest behavioral change that is influencing the design of amenities. The shifting landscaping is not necessarily resulting in larger apartment units, however. Instead, in most cases designers and developers are wringing out more functionality in footprints that are of similar size to those built over the past several years.

"We're seeing growing demand for increased versatility in living spaces to accommodate the various work-from-home schedules or preferences that people might have," says Roark. "The idea is to make sure spaces aren't mandating a rigid furniture arrangement or a dedicated dining space, living space or nook space. It may be just a more versatile open space that can be programmed to suit the needs of

each resident."

Indeed, flexibility has become a common theme, observers say. All things being equal, the work-from-home trend would most naturally fuel demand for two-bedroom apartments, says Chris Haeggund, a principal of BAR Architects & Interiors in San Francisco. But not everybody can afford that option, he adds, especially in the Bay Area.

"We're trying to figure out a way to create space without adding more square footage — or at least, not a lot more square footage," Haeggund reports. "We're looking at some plans where we're squeezing a second bedroom or den into the same footprint as a one bedroom, perhaps by minimizing closet space and tucking it in the back of a unit."

To facilitate versatility, developers are adding sliding doors in apartment units that can divide a room during work hours and expand living

or entertainment space when open, says Ed Cadavona, managing partner of AO in Orange, California.

“What really matters most is that residents have a dedicated space that’s free from distractions and noise, especially from adjacent rooms. By adding a sliding door, you can create a suite that is blocked off from the kitchen or living room,” explains Cadavona.

Less populated regions are witnessing largely similar trends. While developers are not necessarily building significantly bigger units to accommodate the way people work, they have nevertheless slowed the practice of emphasizing smaller units to build density, adds Greg Faulkner, president of Dallas-based Humphreys & Partners Architects.

“One thing that COVID did was swing the pendulum back to where we’re once again adding a computer desk in an apartment after we stopped, or even a den for a work-at-home office,” he says. “In some cases — in suburban projects, for sure — we may even be increasing the size of the units a little bit.”

## Taking Work Outside the Unit

Where possible, developers are also adding workspace in community areas or clubhouses to give residents alternative remote-work environments, including outdoor space, depending on the project and location. In some cases, these areas are replacing underutilized space as developers redouble efforts to maximize use of their footprint, says Nicole Washburn, a principal and director of operations with JLG Architects in Minneapolis.

“In the past, we would see more big, open lounge spaces with some rooms for games or movies that few people would use, and those are still around to some degree,” she explains. “But now we’re seeing developers wanting to lightly test ideas like breakout spaces that include a coffee shop as well as conference rooms or pods that people can rent out for a day and use to meet with others.”

Adds Faulkner: “We’re seeing a big boom in the WeWork type of communal office space in the clubhouse, whether it’s open seating or small private offices that residents can rent for the hour, day, week or month. That’s something we weren’t doing five or six years ago.”

Taking that idea further, some San Francisco landlords who have retail space in their apartment projects are considering opening traditional coworking spaces that would cater to the public as well as residents, reports Haeggliund.

“There is usually some component of ground-floor retail in urban areas, and right now it’s not doing that great no matter where you are,” he says. “The concept is being discussed, but whether it comes to fruition, I don’t know.”

## Affordable Changes

Similarly, developers of affordable housing are adding designated space for telemedicine



Mithun’s Splash Apartments in Portland, Ore., include a plaza area with custom-designed benches and a water feature that is available to residents as well as to the public.

(Photo Credit: Brick)

appointments, cafes and business centers as well as indoor and outdoor community space that can serve a variety of purposes, from social gatherings to health-screening events, says Joanne Horton, residential director for RDL Architects in suburban Cleveland.

In some cases, affordable housing developments also cater to remote workers, but because the preponderance of tenants at those proper-

ties are service employees, the residents don’t have the option of working from home.

Nevertheless, the pandemic has helped incorporate functionalities like touchless faucets in apartments and contactless doors leading to heavily used common areas, according to Horton. Those items had been talked about in the past, she adds, but if they were added at all, it was typically at a minimum.



JLG Architects’ Mercantile project in Fargo, N.D., pays tribute to the building that formerly stood on the site through traditional masonry, patterns and the scale of the facade, according to the firm. (Photo credit: Chad Ziemendorf)



Mithun designed Splash Apartments in Portland, Ore. The adaptive reuse project includes a repurposing of a mid-century beverage warehouse into a restaurant space that maintains some of the structure's original design influences. (Photo Credit: Brick)

"We've always had some level of these features in the market-rate projects we work on, and it's exciting to see the affordable space catching up," she explains. "We're going to see a large difference between what was standard five years ago and the projects that will be coming on the market over the next year or so. There will be much better amenities and outdoor gathering spaces, and I think they will be competitive with market-rate features."

Within individual units, affordable housing developers and designers are emphasizing health, adds Tom Pflueger, a senior associate with MBH Architects in Alameda, California. "The pandemic has demonstrated the importance of quality housing as people spend more time in their homes," he says. "Desired features have become health requirements, including natural light, ventilation, decentralized HVAC systems that do not recirculate air, and access to the outdoors."

## Leveraging Gathering Space

The prolonged period of isolation during the pandemic has also heightened the attractiveness of gathering space in the market-rate and affordable sectors alike. In addition to a focus on remote work areas, some developments are providing communal or demonstration kitchens, dog-washing stations and the like, while steady demand continues to drive the inclusion of gyms and yoga space, states Anne Torney, a partner with Mithun who oversees the firm's San Francisco office.

In dense urban areas, developers are creating outdoor space on rooftops and in courtyards. Developers are also targeting locations near

public green space and recreational trail systems to take advantage of the amenities, says Torney.

"We're seeing that being able to go outside and meet with people is connected to both physical health and mental health, especially now that folks are working from home and need to take breaks and decompress," she explains. "Nobody wants to be stuck in an apartment all day, so just going outside and getting fresh air, whether it's to walk the dog or have a cup of coffee and work on your laptop, makes people feel like they're connected to the broader world."

Outdoor spaces continue to include pools and grilling and game areas. Although they're more challenging to incorporate into urban settings, dog parks have also become more popular. But unlike the past, when developers added conventional pools with a deep end, much shallower pools today cater to adults and are designed for wading and hanging out, says Jason Osborne, national director of business development with Rosemann & Associates, based in Kansas City, Missouri. Cabanas are also becoming more prevalent, he adds.

"Designs are really starting to reflect how adults engage with each other in the pool," he says, "and kids can play in the shallows with just as much enthusiasm and energy as they can in pools that are five or six feet deep."

Ultimately, the emphasis on community areas, particularly outdoor space and fresh air, has helped put a governor on any push for larger units, suggests Horton. "When the pandemic started, everyone thought that people would want larger living units because no one

would want to be trapped in a small space," she explains. "But surprisingly, we've seen the opposite — as long as people have amenities like great gathering spaces."

## Dialing In Delivery Solutions

The growing need for storage space continues to influence market-rate and affordable multifamily designs, too, from bicycle rooms to package rooms or lockers for e-commerce purchases. E-commerce lockers emerged several years ago, but the pandemic, lockdowns and efforts to minimize contact helped fuel the growth of companies like Luxer One, which provides lockers equipped with smart technology to the multifamily sector.

"Storage lockers are on the rise," say Osborne. "They have become significantly more popular as ordering online skyrocketed when people couldn't leave their homes. They're also a quantifiable component where landlords can charge a little bit more for an additional amenity."

Because storage rooms and lockers are typically located near the lobby or other community areas, they become inadvertent gathering places in and of themselves, notes Torney. In some cases, communities are placing vending machines offering grab-and-go meals in the heavily traveled areas.

But several challenges are preventing a broad embrace of e-commerce lockers, and in particular, refrigerated storage. This is due primarily to inconsistencies in delivery driver knowledge and training as well as properties with light staffing that may not be able to monitor the storage areas, says Washburn.

"We're seeing clients who started to use a locker system move away from it and are now using a locked room so that people can see who is going in and out," she adds. "It really comes down to negotiations with the delivery services and how much they want to do because a lot



Dallas-based Humphreys & Partners Architects designed Jefferson Lumen in Irving, Texas. The project was completed in 2021. Amenities include a resort-style pool and fitness offerings such as CrossFit equipment, a yoga room and a spin room. (Photo credit: Dan Sellers)

of drivers just want to dump boxes wherever they can and leave.”

At least one property manager for a developer that Cadavona works with has resisted the idea of adding refrigerated lockers to a project because of the potential for spoilage. “Refrigerated lockers are available, and whether developers should include them is a topic that is always brought up,” he says. “But so far, we haven’t seen them used that prevalently.”

## Financial Reality Hinderance

For all the functions and designs that developers would like to implement, whether they are based on new or old ideas, what can be built and how long construction takes are being influenced by rising costs and an economy sending mixed messages.

While market-rate apartments remain in high demand by equity funds, observers assert, higher interest rates, land prices, and building material and labor costs, along with supply chain delays, are prolonging construction periods and putting projects on hold, says Osborne.

More broadly, the economic climate is pressuring developers and architects to value engineer projects.

Development teams are focused on keeping equipment, finishes and space designs as generic as possible instead of emphasizing specialization and the newest and most popular brands and trends, says Roark.

“In the case of refrigerators and other appliances, you’re seeing people take more of a commodification approach and steer away from exotic choices because in many cases we don’t know what will be available to go into certain spaces,” he says. “So, we design it to fit a common size and hope for the best.”

Indeed, shortages of cement, copper and other construction materials are common, but manufacturers are also having a hard time finding components as granular as oven or stove knobs, which can hold up projects just as effectively, says Torney.

Consequently, architects and contractors are ordering equipment and materials to mitigate

availability problems as soon as a project gets a green light.

“Supply chain issues have affected absolutely everything,

and it’s an added factor we didn’t have to think about before,” she acknowledges. “But I think we have become a lot more

nimble and more creative about substitutions and design changes during construction.” ●



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