

Adoption lagging on revolutionary commercial advances

By CATHERINE LACKNER

Technological advances – from lighter, stronger construction materials to driverless vehicles – could revolutionize commercial real estate, but adoption is seen as lagging.

Photovoltaic cells could turn parking lots into giant solar panels, cars that park themselves 2 inches apart would drastically reduce space needed for parking, and materials like graphene – a web of carbon fibers that is 200 times stronger than steel but thinner than a human hair – hold nearly endless possibilities, said Louis P. Archambault, a partner in the Miami office of the Arnstein & Lehr law firm. “It’s a constant evolution.”

But many governmental entities haven’t made allowances for the new materials or technologies, he said. “Whenever you have a new product, it’s got to be tested by the state, county or city,



Louis Archambault cites evolution.

and that’s not a quick process.”

Government regulations aren’t the only obstacle, said Mr. Archambault, who represents developers and is in communication with many tech companies.

Developers and their financial backers often have exit strategies, the goal being to build a project and sell it within six to 10 years, he explained.

“They need to make it profitable during that time, and then do their exit.” New concepts and materials may take longer to amortize than their deadlines allow, he said. “So the question becomes, do I do what’s best for the future of this building, even though I may not see that money coming back? It doesn’t check off the right boxes, and that’s an impediment.”

The adoption of phone-dispatched car services and driverless vehicles will change parking requirements, especially for urban dwellers, Mr. Archambault said, but will developers of suburban big-box stores understand that? “We can all agree driverless cars are the wave of the future nationwide, but how do you change the mindset?”

Communication between the real estate and tech industries is key, he said. “It depends on the technology, but also on how you explain it.”



Kimberly Ginsburg notes Airbnb.

Adopters of new technologies are often “going around the regulations, instead of waiting for government to embrace the changes,” said Kimberly Ginsburg, senior counsel at the Holland & Knight law firm and president of Commercial Real Estate Women (CREW-Miami).

She cited Uber and Airbnb, both of which were widely in

use before they were eventually recognized and regulated by governments. “The view from 50,000 feet is that people – millennials especially – are ‘going around the Man’ to get things done.”

At a recent CREW luncheon meeting, a developer called for all municipal entities to do away with their parking requirements for new construction because “nobody has a car anymore,” Ms. Ginsburg said. She said she is not sure that day is here yet, and noted that some people are very leery of driverless vehicles. “Everyone has an opinion.”

Automated parking systems, however, could reduce the space needed for parking by 50% to 80%, a more efficient use of a building’s footprint, she said. The reclaimed space could be repurposed. “It may be more expensive,” she said, “and it could be a challenge to get developers to take the risk.”