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Landlords that foresee how emerging metaverse technology will change the demand for CRE should outperform the market - by Michael Zysman

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The Metaverse is defined as “a virtual reality space in which users can interact with an environment generated by computer and with other users” by the Oxford Advanced Learner’s Dictionary. Most of us in the commercial real estate business have been operating in the metaverse for decades without even realizing it. To name a few examples, we keep almost all our files on servers or in a cloud, communicate through email, obtain real estate data through online databases, get our news from internet, market on social media, have meetings through Zoom, view properties and any area on the planet through Google Earth, sign and notarized documents electronically, talk to our friends and families through Facetime, book travel and car service through cell phone apps, use smart monitors to monitor our health, listen to music on a phone application instead of a record or CD player, watch television and media on demand, monitor real estate building systems remotely, buy household items online, and even make phone calls from our watches. Due to these technologies, many of us are able to work more efficiently and scale our businesses in ways we could not have imagined a decade ago. Building owners who adapt their buildings to integrate new metaverse technologies should outperform the overall market.

I grew up in the 1980s and I remember the typewriter evolving into a word processor, then a Commodore 64 and then eventually a MS Windows powered computer. Looking back, the technology available today almost seems like a work of science fiction. I can only imagine what it feels like for older generations.

When I first started working in a professional environment, every desk had a printer, there were multiple large copy machines in the office, cell phones were just for emergencies, there were large rooms for file cabinets, large computer server rooms, a mail room, and we would spend hours on the phone booking travel for short business trips. Today it is very rare for any of us to use a printer or receive a letter in the mail, and a high percentage of our computing needs are done on our cell phones. Law firms needed large in-house libraries of law books, now all those books are available online. Architects and engineers used to draw their plans by hand and store their plans in a file room, now plans are drawn with advanced computer programs. In the past, you physically had to go to a doctor’s office for all types of visits, now many visits can be done online, and your health can be monitored through smart devices that send data to your doctors in real time. Office landlords that have been able to adapt their spaces to accommodate these new metaverse technologies have performed well.

The retail space has been significantly impacted by the metaverse. Companies like Amazon have built massive robot powered fulfillment centers with fleets of electric powered trucks to deliver most of the goods we had to go to a store to buy. It took a period of time to adapt to the transition from store to online shopping, and most of us are just as comfortable buying our groceries and clothing online due to the rapid evolution of these metaverse technologies. Accordingly, retail landlords that have been able to adapt to these technologies have performed well.

The metaverse has also significantly impacted the multifamily and housing sectors. Now that most skilled information workers can work remotely, access their data in a cloud, and communicate

through other metaverse technologies, multifamily and housing owners in areas desirable to skilled information workers have seen significant value and rent growth for their properties. Metaverse and artificial intelligence has also helped multifamily owners lease and operate their buildings more efficiently. Artificial intelligence programs are able to analyze competitor and customer data to maximize a property's rent. In addition, tenants can apply for apartments, sign leases, and pay their rent online which is a big cost savings for landlords. These metaverse technologies have allowed multifamily landlords to increase revenues and lower expenses.

Investors and developers of real estate need to stay up to date with all new and emerging metaverse technologies and need to predict how these technologies will impact tenant's demand for space. Owners who have good technological foresight should be able to outperform owners who spend less time anticipating the effects of the fast-evolving metaverse on their businesses. In addition, many landlords who have used artificial intelligence and metaverse technologies to lease, market, and help manage their properties have seen a decrease in expenses and increase in revenue. It will be exciting to see how emerging metaverse technologies will further shape the demand for real estate.

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