



The Padron Group's Jim Padron Discusses COVID-19's Impact on the Construction Pipeline and Process

As we miss the collegiality and information flow of daily life – and great events including CIASF's – we have launched question and answer sessions with key real estate executives and thought leaders. Please see how The Padron Group's Jim Padron is conducting business in the eyes of the pandemic.

To start, how are you and your family doing in this new phase of our lives? We are some of the fortunate ones, we are all healthy and we are able to work remotely with the kids attending school online. I don't have cabin fever but I find myself working all the time. It seems like every workday is 12+ hours.

Can you explain your business? What is filling up those 12 hour work days? We are a real estate project management firm. We help corporate users find space and we team up with brokers whether industrial, retail/restaurants, or office. We help negotiate the work letters to develop the optimal delivery matrix between Landlord and Tenant. We take our client's projects through the design, permitting, construction, furniture/fixture/equipment, and ultimately the relocation and occupancy of their new space. We curate, manage, and coordinate all the project consultants and vendors required for office, industrial, retail/restaurant, hotel, and other projects. We provide a turn-key solution for our customers, that way they can focus on their core business and leverage our years of experience and consultant and vendor relationships. One of our current projects is a 128,000+ SF facility that overhauls and repairs landing gear for airline clients worldwide. The other aspect of our business is working for institutional owners of real estate and managing their capital improvement and development projects as well as acquisitions nationally. Additionally, we develop commercial projects for high net worth individuals.

Have you seen some projects slow down as a result of the pandemic? Yes, about 10% of our projects - most holds have been in the cruise or travel industry. At the same time, though, we have seen other jobs in the existing pipeline accelerate. We manage a lot of base building work for hotels, condos, and office buildings; if a building is empty now, we are pushing to get the work done. Ideally, we finish the work prior to the hotels reopening and they don't have to worry about discounting rates because of ongoing construction. New business is definitely affected. We are hoping this turns around soon, but fortunately, we are very busy with our current clientele.

How have the day-to-day aspects of jobs changed? Each municipality is handling construction job sites differently. We are now submitting all plans and revisions electronically, previously this was not the case for all municipalities. At first, these processes were changing daily but now we feel they are working better than expected. Since the reviewers are at home, they have time to look at our plans and are available for phone calls as well. Overall, municipalities we are dealing with are doing their part to keep the construction industry moving forward.

Are private inspectors generally allowed? Yes – especially when some municipalities are not allowing their inspectors into the field. All the jurisdictions that I am working with allow these licensed third parties, which is helpful since these private groups can handle both plan review and inspections. The municipality will come out to do the final inspections for fire and life safety since they do not allow outside parties to perform them, but all others (electrical, plumbing, etc.) can be hired out. These private inspectors are rigorous, we have not had any issues with response times or quality.

Are you seeing any product changes yet? We do observe some supply chain disruption – for example, tile and millwork from Italy. In the design phase, we are selecting manufacturers in the US. But we have also seen disruption in this county– for example, steel delays from Alabama. We are having to manage around it. Sometimes we can plan, sometimes we need to react.

Are you seeing any design changes? Yes, I am involved with AIA and IIDA organizations, so I will refer to discussions within those organizations in addition to my observations from our projects. The design community is working on solutions. I think the pandemic will change how we look at office space in the future. Companies will adhere to physical distance guidelines: screen barriers between workstations, 6-foot separations, rotating between working from the office and home to reduce density, limiting people in conference rooms and break areas. Designers are utilizing carpet colors and reconfiguring furniture and adding directional signage to manage one-way office circulation to avoid person to person contact. On the technology side, companies will be enhancing their video conferencing systems and capabilities as well as room schedulers. We recently changed our own videoconferencing platform to one that is more stable and reliable.

Do you see other workplace and job site changes? Do you think that construction sites will change due to infection control procedures? I believe Landlords are likely to screen occupants for temperature. There are already technologies that can monitor groups and highlight people with elevated temperatures. We are already seeing increased monitoring on job sites in NYC and other cities. The construction industry is recommending fewer tradesmen working at any one time. This will require more phasing, planning, and increased 24/7 operations. These changes may result in additional costs and delays.

How is your own team reacting to working remotely? We have an amazing group of professionals who can quickly adapt to unexpected circumstances. Our jobs are considered essential and we have continued to push projects forward by working remotely and limiting our local job site visits. We will resume air travel once the situation has improved. This was going to be our first year to participating in the Mercedes-Benz Miami Corporate Run. Instead, this past week we held our own "suburban corporate-run." It was an amazing opportunity for the team to connect, in a safe way outdoors. We have a video call every day at 4:30 PM to discuss daily challenges and opportunities and make sure everyone is staying healthy and has the support they need.