The Future is Coming Sooner Than We Thought

The race to build warehouses in the Lehigh Valley will re-energize, the retail slide will accelerate, more people will work from home, but none of that will mean the region’s busiest roadways will remain free of traffic.

Covid-19’s impact on the region will not end when the economy reopens or when a vaccine is developed, and the new normal may simply bring the region’s likely future about much sooner than expected, the LVPC’s Community Planning experts told people during a webinar examining the impact of Covid-19 on development.

“More and more people are switching to online shopping and grocery delivery and pickup — and they may not revert to their old habits when the pandemic ends,” said LVPC Executive Director Becky Bradley, during an online webinar attended by 38 people last week. “This will continue to fuel the development of warehouses, for better and for worse, and will accelerate the decline of shopping centers necessitating redevelopment of these “greyfields”. FutureLV: The Regional Plan predicted the retail center decline and has several policy directives to support reuse and redevelopment. We think it will happen more quickly now due to the pandemic.”

During the hourlong webinar, entitled “Development in the Era of Covid-19,” Bradley, Chief Community Planner Samantha Smith and Senior Community Planner Jill Seitz showed how development planning continues through the Pandemic, by comparing the activity to the same seven-week period during a busy 2019 and the bottom of the housing downtown in 2012.

Then they made some predictions of where the region might be headed when Covid-19 releases its grip on the region.

“The big question we all are asking is whether the market has taken a hit, or is it in a lull?” Seitz said. “Will development interest stay low, and if so, for how long?”

The market has surely taken a hit, but a surprising amount of development continued through the pandemic shutdown. While construction was halted by the governor’s order, data gathered by the LVPC shows that 40 plans were filed during the first seven weeks after Pennsylvania’s pandemic emergency was declared by Governor Tom Wolf. That’s less than half of the 88 plans filed during the same period in a busy 2019, and slightly less than the 48 that were filed over the same seven weeks in 2012.

While the commonly accepted time period of the historical Great Recession is 2007 to 2009, many areas of the Country, including the Lehigh Valley, experienced the biggest
impact in the following years. For that reason, the year 2012 was used for purposes of comparing pandemic plan activity to the housing downturn.

“Going into March this year, the region was coming out of a typical slow activity period through the holidays and early winter,” Smith said. “The jump in plan activity reflected in March this year is despite the public health emergency declared by President Trump at the end of January, and Governor’s Emergency Proclamation early in March.”
The residential picture for those seven weeks was surprisingly strong this year, considering the restrictions.

**Pandemic Comparison: Residential**

The first seven weeks of the pandemic brought 11 plans yielding 359 units, most of them apartments. While that’s less than half of last year’s total of 741 units, it’s well ahead of the 27 units proposed during the same period during the 2012 downturn.

So, what does this mean for the rest of this development season? Well, more uncertainty, but there are some things that can be expected once the restrictions begin to be lifted, Bradley said.

The region will regain the momentum that brought 26.6 million square feet in approved warehouse space since 2014, making it one of the fastest growing areas for logistics and e-commerce delivery growth. Warehouse development had plateaued, but a pandemic-fueled resurgence in home delivery could re-ignite it.

“Warehouses are simultaneously loved for the trove of quickly delivered goods that can now arrive on your doorsteps in hours and the opportunities that they provide for largely low-skilled workforce that would otherwise be unemployed, and hated by nearly every resident who lives near these 800,000 to 1 million square foot behemoths or commuter who shares our ever precious roadways with the endless lines of tractor trailers and delivery vans,” Bradley said. “They are the things we love to hate until we really need them, like during a pandemic.”

And as the pandemic has likely pushed some shoppers away from brick and mortar shops permanently, Bradley said. That will accelerate the slide of retail and require a transition to turn shopping mall developments into mixed-used centers where people...
can, live work and shop, Bradley said. It’s a transition FutureLV predicted will be necessary over the next 25 years, but one that may have to come sooner, Bradley said.

Meanwhile, some companies that have found their work-from-home groove will continue those policies beyond the pandemic, Bradley said. That will create a surplus of office space in the region, and likely a slowdown of office development.

That will mean fewer employees on the roadways, but probably not less traffic. That’s because there won’t be as many people working from home as some might think – Bureau of Labor Statistics show that only 29% have jobs that can be done from home long-term – and many of them will be replaced by vehicles quenching a pandemic-fueled growth in goods and food deliveries.

“When all the data is put together and analyzed, the maximum traffic decrease resulting from working from home is 4% in vehicle miles traveled,” Bradley said. “So, the lure of the open road sounds more like a siren’s song over time as traffic volumes return to pre-pandemic levels.”

It’s unclear how long the pandemic will last or how deep it will cut. What seems clear is that the Lehigh Valley will not return to its pre-pandemic self.

“When this ends, there will be a reset of sorts in the Lehigh Valley,” Bradley said. “What that looks like depends on us.”