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Bernkopf Goodman panel examines essential role technology has on CRE design, construction and connectivity

Bernkopf Goodman LLP

At a commercial real estate panel discussion earlier this year featuring several prominent Boston developers, the question was asked, “How is technology affecting the design and construction of your buildings?” One panelist responded, “Design and construction hasn’t changed since the pyramids.”

That comment is reflective of the fact that commercial real estate has been notoriously slow to embrace technology even as technology disrupts every other aspect of our economy. That may be changing, however, as some firms are waking up to the advantages of incorporating technology into their business.

To further explore technology’s expanding role in CRE, Bernkopf Goodman hosted on Sept. 26 a panel discussion comprised of representatives from tech-savvy firms that are assisting real estate operators gain a competitive edge. Moderated by partner Eric Allon, a real estate and business law attorney with experience and knowledge related to technology and real estate, the panelists were Rachel Walters, manager of Business Development-Real Estate Partnerships at Starry, Inc., the Boston-based high-speed wireless internet provider to multifamily properties; Andrew Krenning, who is focused on smart buildings as solutions director of Intelligent Infrastructure for Siemens Building Technologies; Michael Schroeder, partner and director of Virtual Design and Construction at SGA, the architectural firm; and Dave Miller, who is head of the Boston office for WiredScore, which provides certification for building connectivity and consults with landlords on digital infrastructure issues.



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10'000 HOURS

Before a standing room only crowd, the panel discussion addressed cutting-edge issues. One of the major issues confronting the construction industry is that projects are not being completed on time and within budget, with billions of dollars being spent on correcting mistakes in the field. Schroeder says that in virtual reality, using an app, he can involve the contractors, engineers and owner remotely and redesign the building digitally many times, reducing the mistakes in the field to less than 1%, shortening the construction schedule and saving money. “Moving atoms is much more expensive than moving bits,” said Schroeder.

The concept of smart buildings has evolved from stand-alone building systems of five years ago. Krenning said, “It’s one thing to have those systems in a silo, but where a building really becomes smart is when you have the information and data shared between those platforms to give you – if you will – a single pane of glass to show you what is going on inside your building,” he said.

The savings gained through the use of technology extend well beyond the design and construction phase. Allon cited a recent study by the MIT Center for Real Estate that concluded that smart buildings, achieve 37% higher rents than “non-smart” buildings.

Connectivity has risen to a close second to location for an office tenant, according to Miller. The role of technology has changed in a firm from “the guy that you go to get your

keyboard fixed,” said Miller, “to someone who is now looking at technology and innovation to see what you can do to make your organization more efficient, to drive value to customers, and to increase ROI.”

As to residential tenants, Walters noted that high-speed internet now ranks as the second most important “must-have” (behind air conditioning), according to a recent survey. “So we’re seeing how important connectivity is to both office and residential,” she said. Starry provides wireless high-speed, broadband internet service to buildings using a lightweight rooftop receiver that communicates to Starry’s base stations, which are located throughout the city.

Walters discussed that forward-looking landlords realize both the great value that Starry offers residential tenants and the competitive edge that it provides landlords in attracting and retaining tenants, evidenced by the recent partnership announced between Starry and global real estate developer Related Companies (Related Beal in Massachusetts).

Allon and the panelists also discussed that we are at a tipping point where the disruptive impact of real estate will accelerate; consequently, real estate players need to embrace technology before the gap between those who have adopted technology gain too large a competitive advantage over their rivals who have not.

Bernkopf Goodman, one of Boston’s oldest law firms, provides representation across the full spectrum of commercial real estate and business transactions as well as complex litigation. Our contacts in the areas of finance, banking, construction, and development permit us to find creative solutions and to achieve results others cannot.