



December 14, 2020

Arlington Redevelopment Board
730 Massachusetts Ave, Annex
Arlington, MA 02476

To Whom it may concern:

My name is Demetrius Spaneas and I am the President of Land and Sea Real Estate, Inc. We are a boutique brokerage that specializes in commercial real estate leasing and investment in Greater Boston and Southern NH.

I have been asked by one of the large commercial property owners in Arlington, the Pasciuto family, to briefly give my thoughts on the state of office in the Boston suburbs, and office vs residential.

Commercial real estate, and office in particular, is going through major changes—and reevaluations—at this time. Office as we know has changed. This is due to the advancement of technology and the relationship between management and their workers. The ability to work remotely has become a major factor and incentive to attracting a strong, dynamic and tech-savvy workforce. The need for traditional office has diminished greatly over the last few years.

We have seen the impact that Coronavirus has had on traditional office space. The pandemic has exacerbated the above trend greatly. Offices are averaging less than 20% occupied, and we don't see this trend changing any time soon, even after the pandemic is but a memory. Companies, both large and small, have realized that they no longer need a physical presence. Work forces that have been remote these past months will, in all likelihood, stay remote. It is both cost

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efficient for the companies, and logistically easier for many workers. Many office buildings are now being repurposed, mainly for residential.

The great issue in Massachusetts is the housing crisis. After the housing crash in 2008, there were 40% less builders working nationally, which meant 40% less new housing. The issue in Massachusetts is much worse as the lack of buildable land combined with state regulations has cut the housing inventory down significantly. Before 2008, the average age of the first-time home buyer was 27; now, it is up into the mid-30's. This means that people can't afford housing—the prices have skyrocketed for lack of inventory—and people are renting longer, which is putting major strain on the apartment market. Add this to the fact that the pandemic has interrupted, if not downright cancelled, numerous apartment and housing developments, and the housing crisis escalates. Before the pandemic, there was a projected 2 million unit deficit of housing. I can only imagine what the numbers will look like this next year. The fact that Arlington has a housing waitlist of over 400 should give some indication.

In sum, I believe in my professional opinion that office space in an urban/suburban market such as Arlington would be a wasted (un-needed) opportunity and that residential units would help to alleviate the housing crisis and be of far better service to residents within the local economy.

Please feel free to contact me, at your convenience, for further commentary.

Sincerely yours,

Demetrius Spaneas

President, Land and Sea Real Estate, Inc.

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