

SILVER LININGS & SHIFTING TRENDS:

Environmental Consultants Reflect on COVID-19's Impact in Canada

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Mary Ann Grena Manley
Communications Consultant
& Freelance Writer
Washington, D.C.
magmanley26@gmail.com
Twitter: [@magmanley](https://twitter.com/magmanley)



Guy Crittenden
Content Developer for ERIS
Toronto, Ontario
gcrittenden@erisinfo.com



There is no doubt that 2020 has been a challenging year.

COVID-19 and the resulting impacts from lockdowns, travel restrictions, physical distancing, and mask-wearing interrupted business as usual, forcing most businesses to reevaluate operations and adjust to the “new normal.”

But not all of this change has been bad, and in fact, some of it has been a boost to our industry and even to day-to-day working conditions, according to a diverse group of environmental due diligence professionals we recently spoke with across Canada.

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Designated Essential Services

To start with, being designated as providers of essential services during nationwide and provincial lockdowns has put the environmental services and consulting industry in a relatively strong position.

So, although there was a downturn and the industry is struggling to get back to a pre-COVID-19 volume of business, compared to many other industries the environmental consulting industry has shown resilience and is in fact faring quite well. And, importantly, the industry is well-positioned to exploit new opportunities in the market as they emerge. Some of these new opportunities are already here (see below).

Favorable Economic Conditions and Factors

Although COVID-19 had widespread financial impacts throughout Canada, a few favorable economic factors appear to have insulated the environmental consulting industry from what could have been completely devastating effects.

A strong real estate market in some parts of the country has mitigated some of the negative economic impacts of the pandemic. Several Ontario-focused firms we spoke to confirmed that the real estate market in the Greater Toronto Area (GTA) remains strong, with a high volume of transactional due diligence, particularly related to former industrial manufacturing sites. They noted that overall sales and Phase I environmental site assessments have remained relatively steady. The same holds true in other urban centres, as real estate values remain high and clients continue with the cleanup of contaminated sites, which remains a good investment and allows them to get a “good bang for their buck.”

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Low Interest Rates, Infrastructure Projects

These consistent levels of activity have largely been attributed to mortgage refinancing resulting from low interest rates. Although longer-term due diligence deals related to multiyear plans have slowed somewhat, shorter-term business has remained steady, they said.



In looking for ways to stimulate the economy, some provincial governments have been investing in various infrastructure and remediation projects. As such, some consultants have seen the positive impact of government spending on contaminated site cleanups, especially in Western Canada. Consultants that serve the mining industry have remained busy.

Interestingly, and perhaps unexpectedly, some Canadian businesses have benefitted from American consultants not being able to travel across the border, which resulted in local work going to also-local consultants.

Although not a favorable economic factor per se, the “elephant in the room” appears to be the coming foreclosures, which will be devastating to companies that are eliminated. But for environmental consultants, there may be a silver lining in that the situation will present opportunities for buyers and developers. Consultants report that many clients are waiting for these foreclosures and are ready to jump on the new opportunities when they are presented in the market which will create work for due diligence professionals.

Emerging Areas of New Business

Many firms we spoke with noted a decreased demand for traditional services. Work related to standard operational programs and annual asbestos reassessment work has declined, and some firms have pivoted or expanded into other services.

“ Many firms we spoke with noted a **DECREASED DEMAND FOR TRADITIONAL SERVICES.** ”

One area that’s seen increased interest is the environmental health and safety aspect of buildings, particularly with respect to water and air related to the COVID-19 virus. Concerns include waterborne bacteria in buildings that haven’t been used and the need for improved HVAC and ventilation systems. Chlorination, one expert said, only lasts in water for a certain period, and if it sits too long and then pours into a sink, a fine mist can carry that bacteria to people’s respiratory systems.

Consultants are Shifting with the Market

Firms in Western Canada that serve the oil and gas sector have seen a slowdown. However, to compensate for this, some consulting engineers are expanding their services into land development and the agricultural sector. Some with labs, meanwhile, are shifting away

from traditional business lines and into wastewater testing, which can include looking for COVID in sewage and other innovations.

Another COVID-inspired trend is that people are moving out of Toronto and other major cities, which consultants say will drive redevelopment of old contaminated sites outside the city in the places where people are relocating.

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Cost Savings, Efficiencies, Innovations

Across the board the consultants we spoke to agreed that during COVID-19 there were significant monetary savings from the reduction in business travel and attending in-person conferences and other events. Although people are missing face-to-face interaction with peers, companies are finding time and cost efficiencies conducting business online and having Zoom meetings, without the need to drive or fly long distances, rent hotel rooms, or purchase meals.

“ Although people are missing face-to-face interaction with peers, **COMPANIES ARE FINDING TIME AND COST EFFICIENCIES** conducting business online. ”

Numerous technological developments and innovations during COVID-19 also have fostered new efficiencies. Some firms are innovating mobile apps for their own work and for clients. Many consultants noted shifting from paper site assessment forms and borehole logs to tablet-based apps.

One company makes use of a device that’s like an iPad on wheels that allows people to continue working while moving around the office; that same company has an “innovation committee” that meets once a month to assess new ideas.

A Boost to “Hands Off” Technology

Another surprise efficiency has been found in the reduction of paperwork related to brownfields projects. Consultants have found in some jurisdictions, including Ontario, they are no longer required to submit a paper copy of brownfield reports. While this had been sought for a long time, the province reacted quickly because of the biological emergency.

One technology that has prospered during the pandemic is the use of drones to fly over and examine CRE sites. Although Google Maps and Google Earth can provide a great deal of information, they don't provide a current picture of sites, one consultant explained. Drones are a useful way to supplement that information in real time.

With so many people logging into company servers from home or other remote locations, boosting bandwidth has also become critical during COVID-19. As such, many firms are updating their virtual private networks (VPNs). These connectivity investments and improvements have made widespread remote work possible, where it wasn't before.

“ **CONNECTIVITY INVESTMENTS AND IMPROVEMENTS** have made widespread remote work possible, where it wasn't before. ”

Urban Planning Opportunities

Another theme that emerged from the conversations is that COVID-19 has potentially opened the floodgates for widespread urban planning opportunities to re-envision how space is utilized in cities.

A shift in urban footprints may already be underway. With so many people now working efficiently and successfully from home, there is growing speculation that the shift to remote work might be permanent for many. If that happens, a tremendous amount of empty urban office space will need eventual redevelopment.

“ A tremendous amount of **EMPTY URBAN OFFICE SPACE WILL NEED EVENTUAL REDEVELOPMENT.** ”

Even if there is a return to work, it is likely that there will be a significant reduction in the number of people going into the office and, consequently, plummeting demand for commercial office space.

So, while demand for commercial office space is declining, the explosion of online shopping during the pandemic, along with global supply chain issues, has increased demand for warehouse space. Several consultants agreed it is likely that commercial space will ultimately turn into warehouse space. There also will likely be opportunities to convert commercial space into residential units.

Changes to Retail Properties

The repurposing of retail space is also a likely trend. Consultants explained that some of their CRE clients are evaluating their malls and brick-and-mortar retail stores. They envision a trend of converting simple one-story shopping malls with large parking lots into denser, mixed-use retail and residential spaces.

Shopping malls might reinvent themselves as destinations where there's more to do by incorporating childcare centres, as well as sports and entertainment complexes. Some consultants have already seen this shift, where developers are turning shopping mall complexes into more of a town centre.

“ The virus threat has created **A CLOSENESS WITH CLIENTS,** as well as with co-workers. ”

Investing in Human Capital, Human Resources

Not to be overlooked are the positive impacts that COVID-19 has had on human, interpersonal relationships, at least for some. One positive impact of the pandemic consultants we spoke with noted is that they're simply working with everyone in a different way. They say the virus threat has created a closeness with clients, as well as with co-workers. For example, some companies have prioritized daily contact with staff, to check in and maintain a sense of connection and community. This is especially useful for companies engaged in a lot of field work.

Several firms are investing more in their employees, engaging in cross-training of staff, with some deployed into new business lines. Some firms have launched even more lofty programs that invest in human capital and employee engagement. One company is developing a strategic plan that will include implementation of a company-wide mentorship program. That company is also setting up a diversity and inclusion committee and a sustainability advisory committee.

Conclusion

While COVID-19 has undeniably disrupted society and the workplace, it is clear that many Canadian environmental consulting firms have proven to be extraordinarily resilient, and are adapting well to new demands and new opportunities.

Harnessing efficiencies, employing new technologies, adapting to market changes, and even improving the quality of professional relationships, has kept our industry strong during the economic downturn so far. And, perhaps even more important, is producing long-term improvements that will benefit the environmental services industry as a whole, for years to come.

Source Notes:

Between September 3 and 16, Tina Cressia-Thomas, a content developer for ERIS, conducted in-depth interviews with 8 key environmental due diligence professionals across Canada. Their comments were amalgamated into a single article. Professionals interviewed include: Carla Shaw, Phase 1 Manager at PGL Environmental Consultants in Vancouver, British Columbia; Krista Barfoot, Principal Technologist at Stantec in Cambridge, Ontario; Mel Hamilton, P.Eng., Senior Engineer and Calgary Team Lead — Land Quality and Remediation, for SLR Consulting in Calgary, Alberta; Paula Hutchison, Principal at Geosyntec Consultants in Kitchener, Ontario; Raminder Grewal, P.Eng., Contaminated Sites Expert and President at Keystone Environmental in Burnaby, British Columbia; Rob Helik, Vice President, Environmental Services at EXP in Brampton, Ontario; Tim Mullings (Dipl T), Senior Consultant — Contaminated Sites at Golder Associates in Whitby, Ontario; Vico Paloschi, M.Sc., P.Geo., Executive Vice President, GTA Services for Pinchin Ltd. in Toronto, Ontario.

We sincerely appreciate their time and significant contribution of experience and knowledge to this article.

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