

Defining the New Mixed-Use



SMITHGROUP

As part of ongoing research, SmithGroup practices regularly convene an advisory board of leaders representing a diverse set of corporate and institutional real estate executives, facility directors and workplace strategists. The roundtable provides a forum and think-tank for sharing insights into emerging trends, issues, challenges and opportunities related to creating and maintaining today's sophisticated workplace environments. Companies that have participated include a wide range of organizations representing technology, consulting, manufacturing, healthcare and government. Here's a summary of their insights, their experiences, and the themes that emerged at the most recent gathering.

MIXED-USE HAS BECOME A DEVELOPMENT MAINSTAY.

Once viewed as an optional typology, mixed-use has become a development mainstay but needs to be considered through a different lens. The variety of uses that are mixed is now likely to be a more challenging blend of experiences, services, and architectural impacts as each project seeks to differentiate itself from its competitors by finding a better route to success within its own area-specific context.



**Park Central Mall Redevelopment
Phoenix, Arizona**



mixed·use

1. used or suitable for several different functions
2. type of urban development that blends residential, commercial, cultural, institutional, or industrial uses
3. type of development where various functions are physically and functionally integrated, and that provides pedestrian connections.

KEY TAKE-AWAYS

SUBURBAN AND URBAN PENDULUM.

Each community has its own cycle of preference for urban and suburban development as markets become overheated and a new location offers something innovative that draws key tenants and residents. Capital flows to opportunity and avoids the risks of competition and uncertain outcomes whenever possible.

DON'T BANK ON THE "URBAN MILLENNIAL MOVEMENT."

Despite the press and fanfare, our leadership guests observe that no single demographic is shaping urban-suburban development. The demand for mixed-use reflects changing work styles, lifestyles, and the market dynamics of each particular location first and rarely can survive on a single demographic to become sustainable as an enterprise.

INNOVATIVE PARTNERSHIPS.

Rethinking the traditional view of partnerships, mobility needs and other factors can lead to a more holistic response. Community leadership—both political and citizenry—are eager to find opportunity for improvement and we heard that the traditional barriers to development of complex, long-term solutions is looking fondly at strategies like P3 to move aspirations forward.



Square 560
Washington, DC

THE NEW SUBURBAN URBAN

MORE WHY THAN WHO

Many cities around the U.S. are seeing a spike in urban redevelopment—except it's not happening in the urban cores. Much of the so-called urban growth has migrated out to the suburbs in the form of renovation and infill.

Economics may be the primary factor. Gentrifying urban neighborhoods continue to get more expensive and more out of reach for

many residents, yet the retail/business/service needs are universal. In Washington DC, Seattle and many other cities in between, the demand for livable urban neighborhoods far exceeds the supply. It's prompting a new suburban migration, as residents seek out some of the hallmarks of urban mixed-use—walkable neighborhoods, clustered amenities—in areas where housing is more affordable.

Even millennials are moving to the suburbs. It turns out the widely publicized “urban millennial migration” isn't backed up by significant anecdotal evidence, nor hard data. According to U.S. Census Bureau data, more Americans in their twenties moved out of the city in 2014 than into it. All of the major metropolitan areas are discovering that millennials often want what their parents did at their age: a single-family home, a yard, a car



Scotts Run Development
Tysons, Virginia

or two, good roads, convenient retail, and good schools. Even better if the neighborhood also comes with artisanal markets, performance venues, unique retail, and a few other vestiges of the urban lifestyle.

By focusing on the “why” of the preferences of each community, a solution that appeals to a wider range of age groups, income levels and geographic regions becomes possible and more durable through inevitable economic cycles. The pervasive use of technology also accelerates expectations; consumers now expect quick and convenient access to products and services. Where people choose to live is increasingly shaped by understanding more about why they are choosing certain lifestyles.



Reston Town Center, South of Market
Reston, Virginia



WHAT THE NEW MIXED-USE LOOKS LIKE

The market for mixed-use exists in both urban and suburban contexts, though the projects might look completely different. Where land costs are lower, our guests typically considered lower-density mixed-use solutions, however satellite communities around the country are enjoying the benefits of a higher core density that provides a complement to sprawl. In established urban cores, mixed-use design often becomes an

intricate puzzle of vertically stacked or horizontally intertwined programs filling a city block.

Authenticity is a challenging outcome of many new mixed-use developments and drives both programming and design. In established dense city centers, a new mixed-use development becomes part of an existing fabric and the question of authenticity

relies on its respect and fit with its neighbors. In emerging urban centers where there may not be a consistent sense of context or history, branding of the mixed uses is key – especially if it can tie back to the unique character of the location. In suburban markets, authenticity can be elusive and might rely on the mix of tenants or the presence of some essential element such as a popular grocery, university space, or a healthcare outpost to

provide the sense of identity that will draw residents and customers in for a real bricks-and-mortar experience rather than home-bound online shopping.

The new mixed-use design strategy we discussed had several themes in play but the issues of flexibility, ease of use, sense of quality, and visual perception of long-term commitment come into play. Simple strip-mall solutions are challenging to finance and sustain, with many undergoing substantial repositioning to reduce surface parking and add density through mixed-uses such as entertainment, housing, and educational programs.



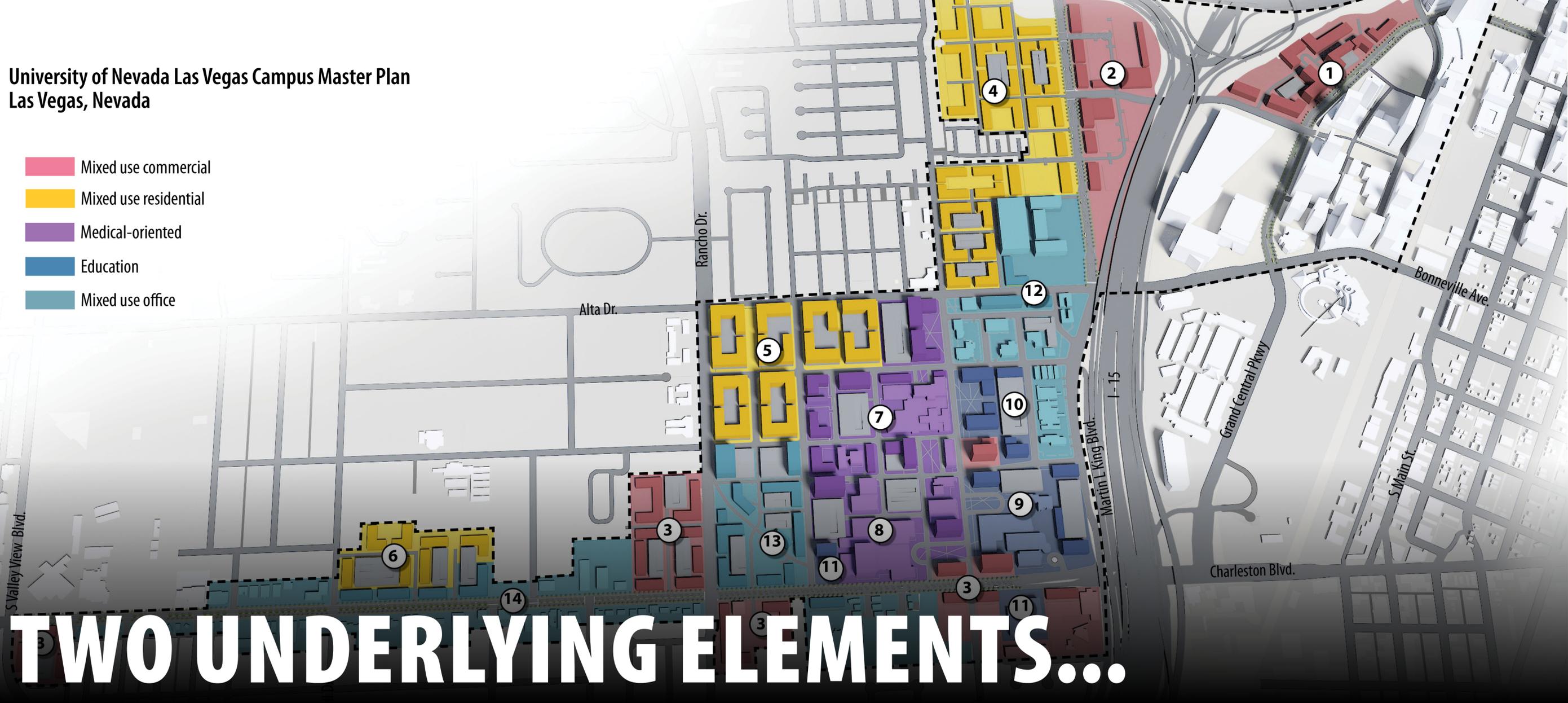
**Southwest Waterfront Hotels
Washington, DC**



**Reston Town Center, South of Market
Reston, Virginia**

University of Nevada Las Vegas Campus Master Plan Las Vegas, Nevada

- Mixed use commercial
- Mixed use residential
- Medical-oriented
- Education
- Mixed use office



TWO UNDERLYING ELEMENTS...

THAT MAKE IT WORK.

PARTNERSHIPS

Our clients are also coming up with some creative partnerships and innovative deals. As ULI speakers pointed out in the 2015 Fall Conference, there are successful trends utilizing traditional private-sector uses coupled with a combination of “Eds, Meds, and Feds” to lend a sense of stability and patronage to a new mixed-use project. An institutional

partner can also create the needed momentum to propel a project forward: in Las Vegas, the University of Nevada-Las Vegas has helped spur redevelopment on the east side of I-15. Similarly, a major user group like a healthcare facility or government complex can be a welcome catalyst. The Illinois Medical District Gateway Development, in

near-west Chicago, is transit accessible and establishes outpatient, laboratory space and educational medicine in a new master plan that incorporates housing, hospitality, and retail within an established medium-density residential neighborhood.

TRANSIT AND EASE-OF-USE.

The roundtable discussed the role of transit in the new mixed-use as a chicken and egg dilemma. As the *Washington Post* recently noted, great restaurant destinations are nice, but they won't help you get to work. However, a developer offering transit infrastructure can increase a project's mobility options and jump-start project revenue. Our guests noted that funding for transit expansions remains elusive, especially with the current low cost of oil and plentiful parking supply. Some developers have had success working with transportation officials on minor transit improvements and additions, such as the specific locations of transit stops as part of the "partnerships" trend. Local legislation for sustainable design is emerging as a tool for encouraging greener communities with the hope that long-term environmental impacts of major cities such as carbon output and heat islands will be reduced.

An interesting discussion centered on the devaluation of parking as a land-use option, especially in urbanized cities like San Francisco and Washington, DC. In Washington,

DC, for example, the long-standing zoning code has recently been rewritten to remove parking minimums and penalize thresholds of parking surpluses in new construction. Participants mused whether increased transit use leads to less parking, or less parking leads to more transit use, or whether workplace and lifestyle trends for mobility and telecommuting lead to less of everything. Of course, if it's not easy to get there, said participants, forget it.

This roundtable shared, with enthusiasm, that there's plenty to be learned by examining trends, deciphering demographics and considering new partnerships. It is clear that mixed-use remains very much a local market-driven product and the array of development tools and design strategies that break with traditional molds is growing rapidly. We welcomed our guests' willingness to share ideas and compare notes, and most importantly to us the important role design plays in creating more vibrant and resilient communities.

PARTICIPANTS

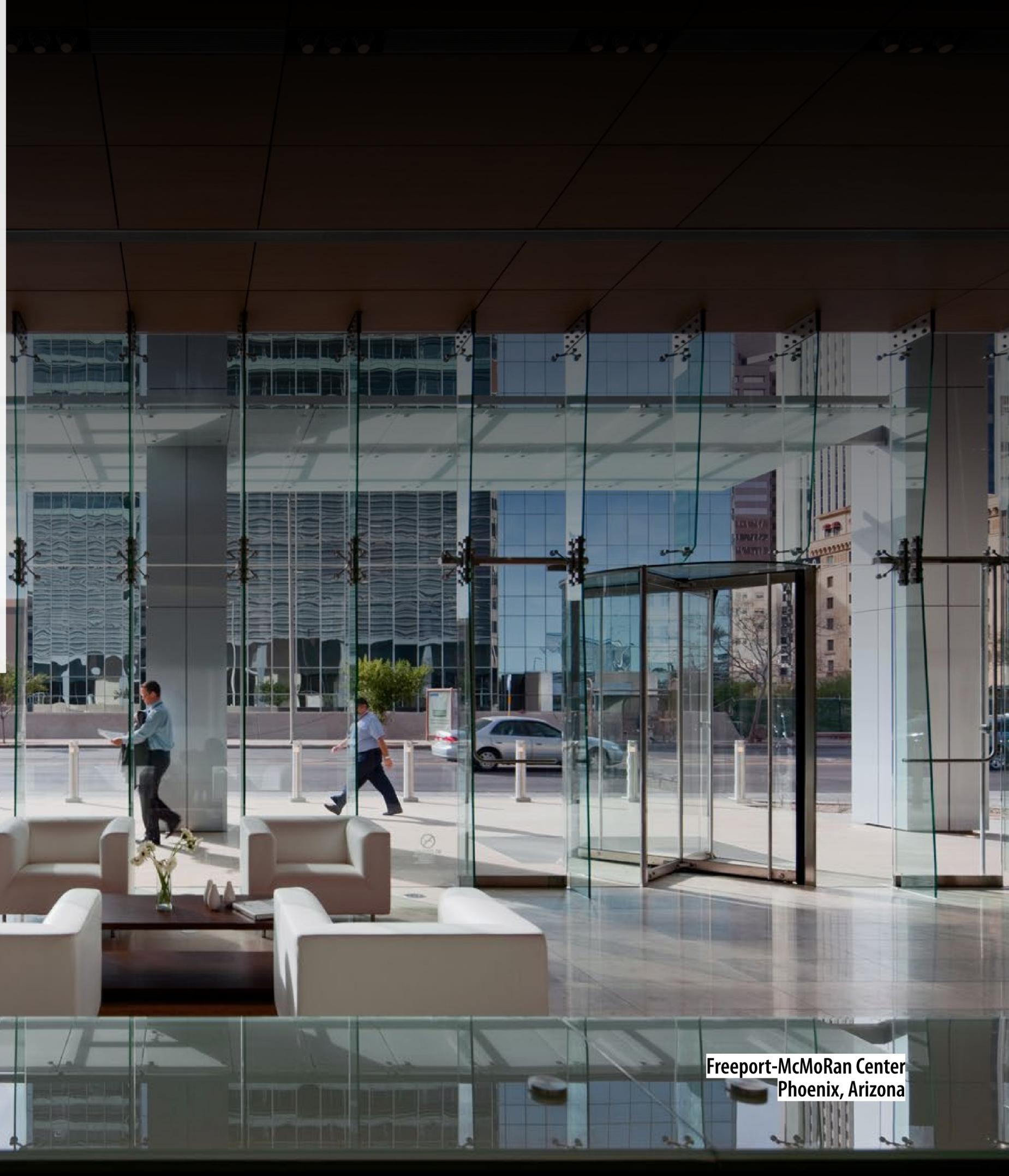
Thank you to the following organizations for sharing their perspectives at the Roundtable:

Carefree Partners
City of Indianapolis
City of Las Vegas
Evergreen Development
First Potomac Realty Trust
Higgins Development Partners LLC
Lend Lease
Lennar Urban
McCaffery Interests
Midtown Inc.
The Weitz Company
Washington Metro Area Transit Authority



ABOUT THE SMITHGROUP WORKPLACE ADVISORY BOARD ROUNDTABLE

Based in 12 cities worldwide, SmithGroup is a leader in workplace facility design and development. As part of its ongoing research, the Workplace practice regularly convenes an advisory board of leaders representing a diverse set of corporate and institutional real estate executives, facility directors and workplace strategists. The Roundtable provides a forum and think-tank for sharing insights into emerging trends, issues, challenges and opportunities related to creating and maintaining today's sophisticated workplace environments. For more information about SmithGroup, visit www.smithgroup.com.



Freeport-McMoRan Center
Phoenix, Arizona