



EFFECTIVE SITE SELECTION PROCESSES FOR LONG TERM BENEFITS

RHYS QUICK

MARCH 2016

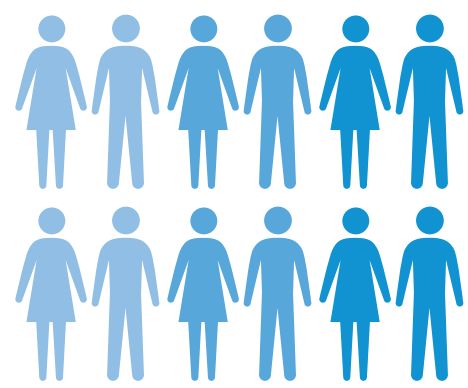
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- ▶ Macro Drivers of Mixed Use Development
- ▶ An Approach to Site Selection
- ▶ Micro Level Site Selection
 - > Fundamentals
 - > Synergies
 - > Pitfalls
- ▶ Emerging Opportunities

MACRO DRIVERS OF MIXED USE DEVELOPMENT



ROB SPEYER – GLOBAL CEO TISHMAN SPEYER



Mass migration of 2.5 billion people from suburbs, towns, and villages to the world's cities represents the “**biggest development opportunity in the history of the planet**” for the global real estate industry.



BUT, we can't just be focused on bricks and mortar. We have to be more than architects or engineers. We need to be **sociologists**, as people are using our buildings in a fundamentally different way.



Internet has actually deepened a **desire for face-to-face interaction and connectivity**. Commercial and residential projects where people can meet either intentionally or by chance and build community through common spaces will succeed most.

THE MEGA TRENDS



Office workers want to work near each other in open spaces that foster **collaboration**; demand for office space with discrete areas like cubicles or individual offices is in decline. Interior walls are the “dinosaurs” of office buildings and “may soon be extinct.”



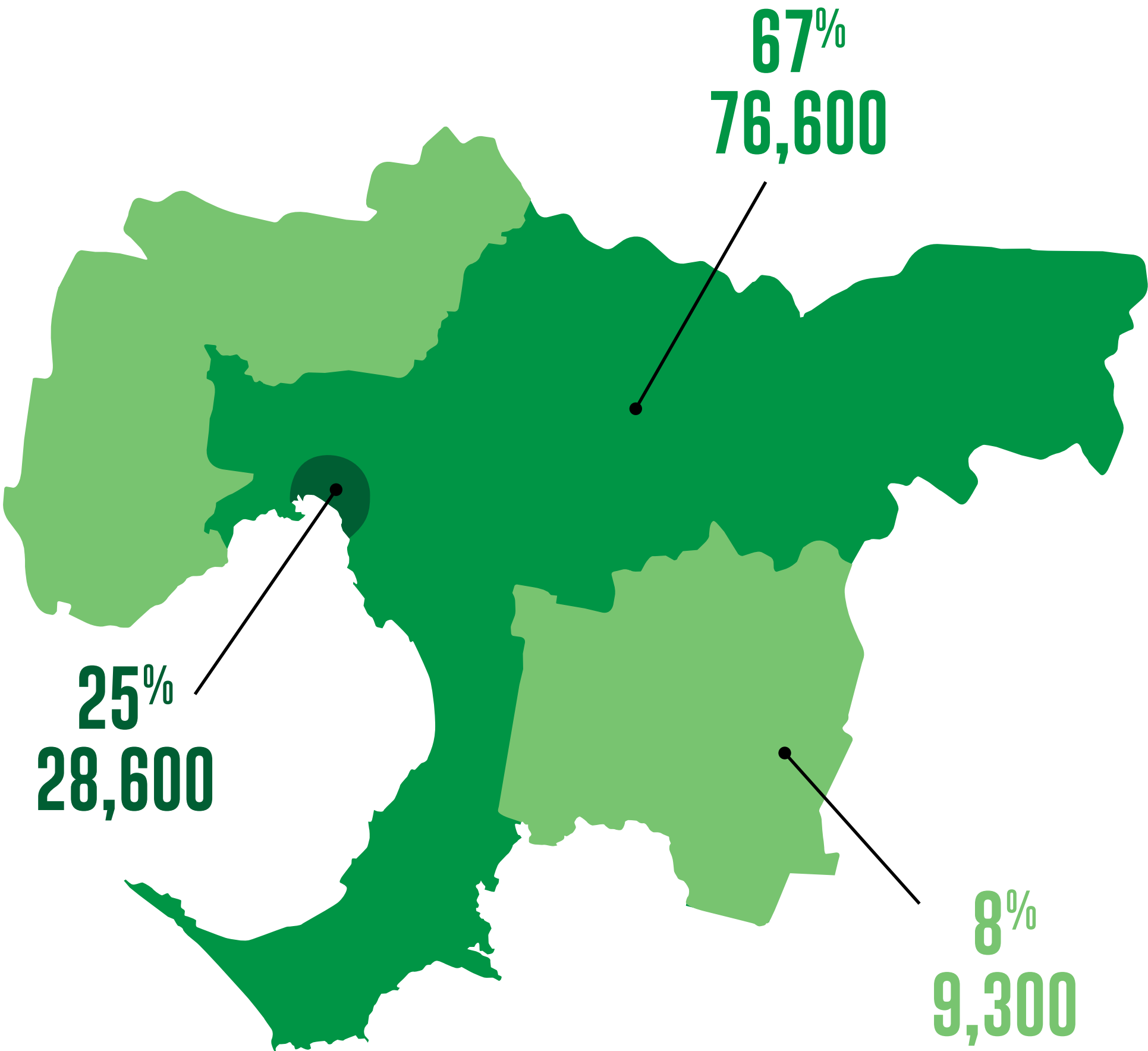
The **technology** sector will continue to be the **economic driver in cities** around the globe. Younger tech workers want to live and work in cities and have no desire for what earlier generations aspired to—a single-family home in the suburbs, a car, and a commute.



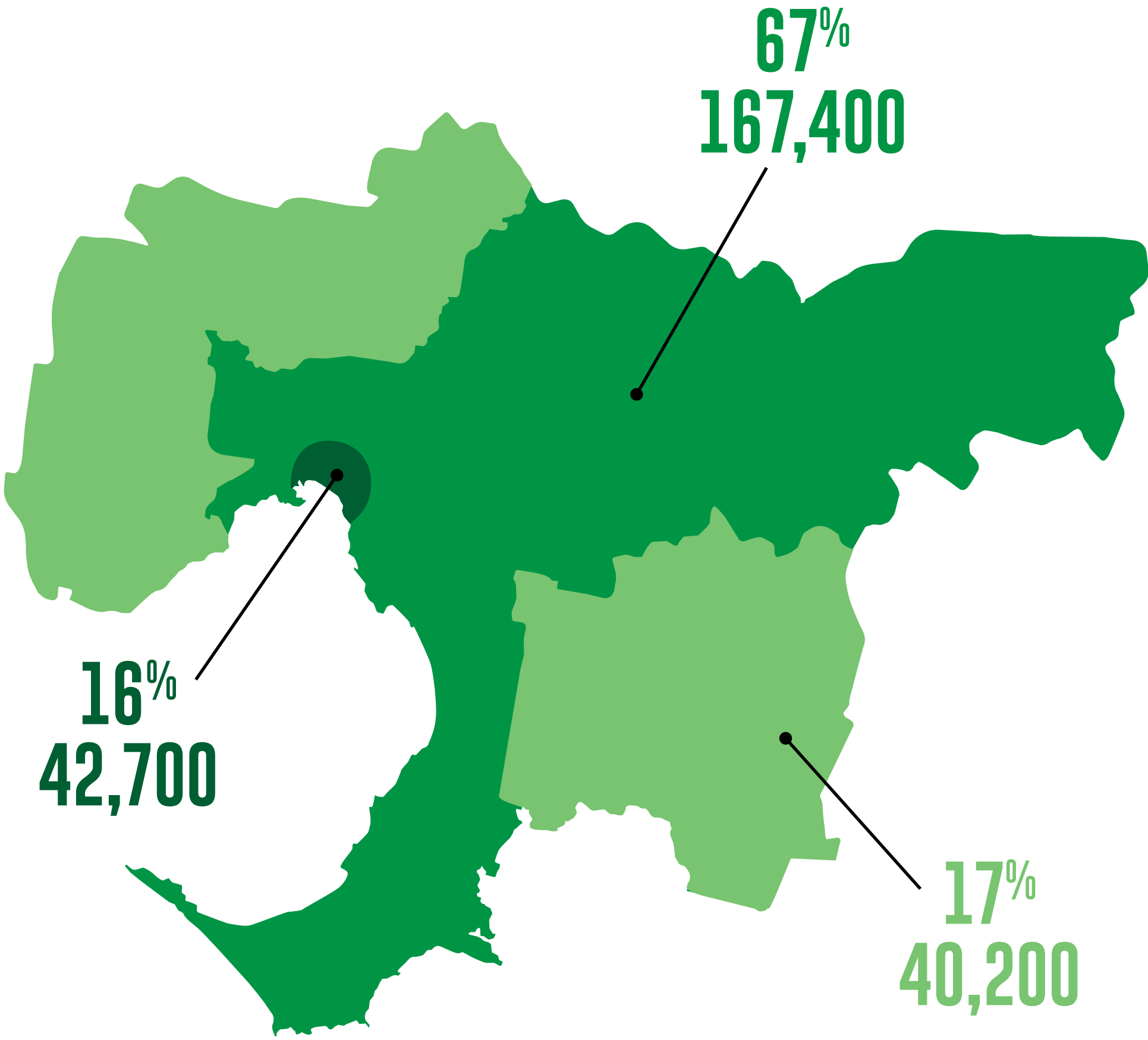
Sustainability involves more than obtaining green star. It can also be achieved by building “**dense, transit-oriented, mixed-use development to eliminate the need among tenants for automobiles**”, the worst emitters of greenhouse gases.

POPULATION GROWTH AND DISTRIBUTION

Melbourne Apartment/Townhouse Approvals 2011-15



Melbourne Apartment/Townhouse Forecast 2016-31



- GROWTH AREAS
- MIDDLE RING
- CITY OF MELBOURNE

Source: ABS

Source: Victoria in Future 2015, Urbis

DEMOGRAPHIC SHIFTS

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FOR EXAMPLE:



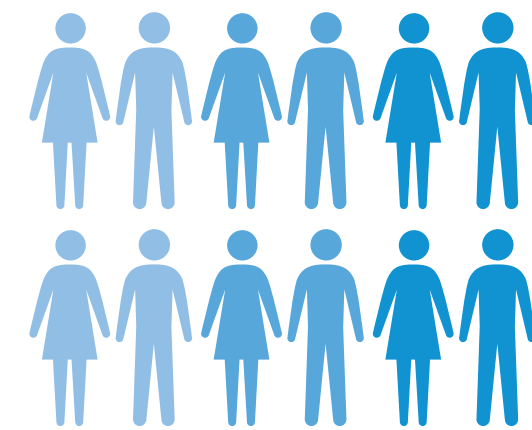
+372,000 PEOPLE
(+58%)

**AGED OVER 65 IN MELBOURNE,
2016-2031**



+141,500

**LONE PERSON HOUSEHOLDS IN
SYDNEY, 2016-2031**

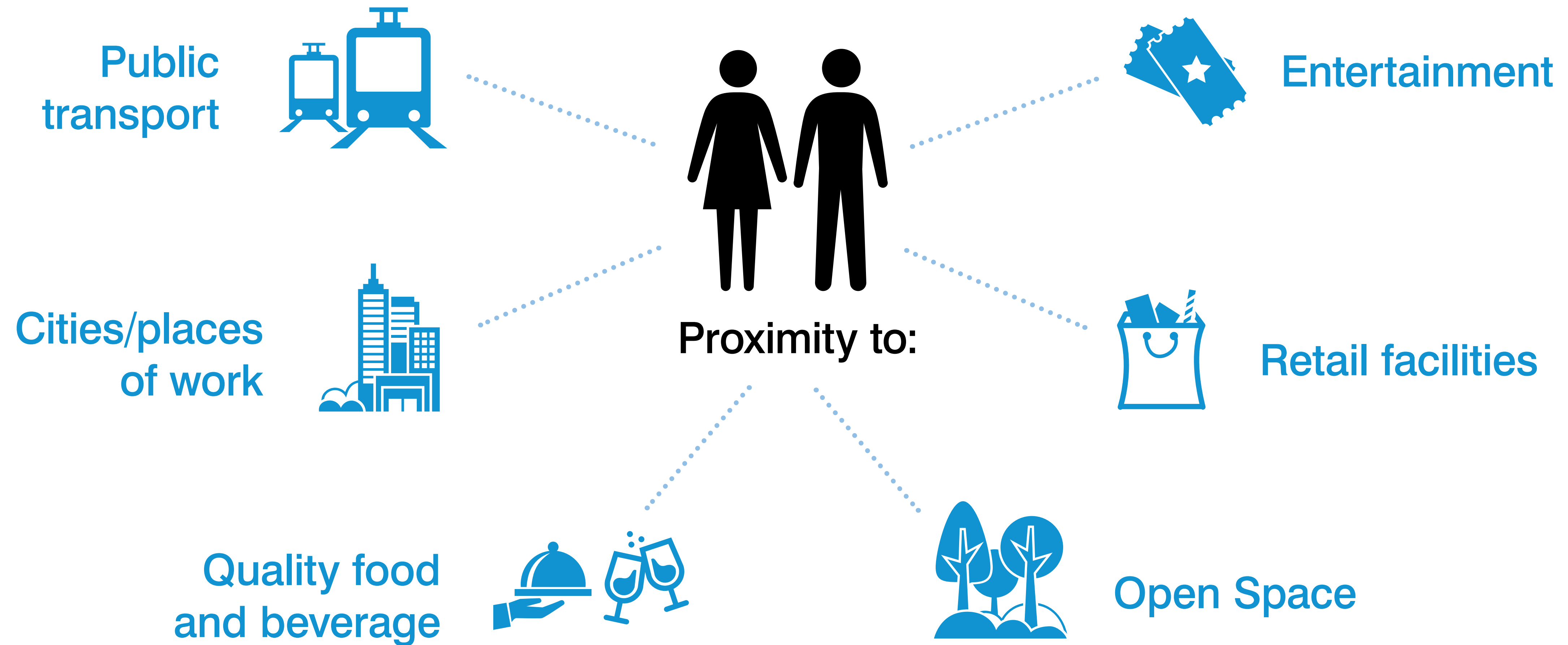


+25,000

**RESIDENTS OF
ASIAN ANCESTRY ANNUALLY
IN SYDNEY, 2006-2011**

DESIRE FOR AMENITY

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- ▶ Push from Councils and other authorities for more mixed use development
 - > Activity Centre planning
 - > Active street frontages
 - > Value capture
- ▶ A responsibility to create good places
- ▶ A way to give back in exchange for a development return

DOMINO SUGAR REFINERY, NEW YORK



FINANCIAL CONSIDERATIONS

- ▶ Rising land costs demand increased density
- ▶ The amenity created can achieve premium returns
- ▶ Possibility of faster build out and lease up
- ▶ A form of development diversity – appropriate development can reduce risk
- ▶ BUT, the planning, coordination and time required can add to development costs

WHAT MAKES A SUCCESSFUL MIXED USE DEVELOPMENT?



SUCCESS DRIVERS

ECONOMIC & MARKET

- ▶ Synergy
- ▶ Competition
- ▶ Supply & Demand
- ▶ Market conditions
- ▶ Financial returns

DESIGN

- ▶ Master planning
- ▶ Place Making
- ▶ Parking
- ▶ Noise Abatement
- ▶ Back of house
- ▶ Connectivity
- ▶ Open Space

PUBLIC ISSUES

- ▶ Zoning
- ▶ Height limits
- ▶ Public transport & other infrastructure
- ▶ Development contributions/tax
- ▶ Community engagement

PHYSICAL

- ▶ Proximity to workplaces, workforce, education, entertainment etc.
- ▶ Site size and shape to accommodate elements
- ▶ Access & Circulation
- ▶ Visibility
- ▶ Topography
- ▶ Interface with surrounding uses

A Successful Mixed Use Development

MICRO LEVEL SITE CONSIDERATIONS

The background features a dark, gradient background transitioning from deep blue on the left to dark green on the right. Overlaid on this is a complex geometric structure composed of numerous translucent, 3D cubes and rectangular blocks. These blocks are arranged in a staggered, overlapping fashion, creating a sense of depth and architectural complexity. The blocks are illuminated from within, with colors ranging from deep purple and blue on the left to bright yellow and green on the right. A faint, glowing grid pattern is visible across the entire scene, adding to the technical and architectural feel of the image.

SUCCESS DRIVERS

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- ▶ Height limits
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- ▶ Community engagement

PHYSICAL

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- ▶ Site size and shape to accommodate elements
- ▶ Access & Circulation
- ▶ Visibility
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- ▶ Interface with surrounding uses

A Successful Mixed Use Development

SUCCESS DRIVERS



ECONOMIC & MARKET

DESIGN

PUBLIC ISSUES

PHYSICAL

- ▶ Synergy
- ▶ Competition
- ▶ Supply & Demand
- ▶ Market conditions
- ▶ Financial returns

- ▶ Master planning
- ▶ Pedestrian
- ▶ Parking
- ▶ Noise Abatement
- ▶ Street of houses
- ▶ Connectivity
- ▶ Open Space

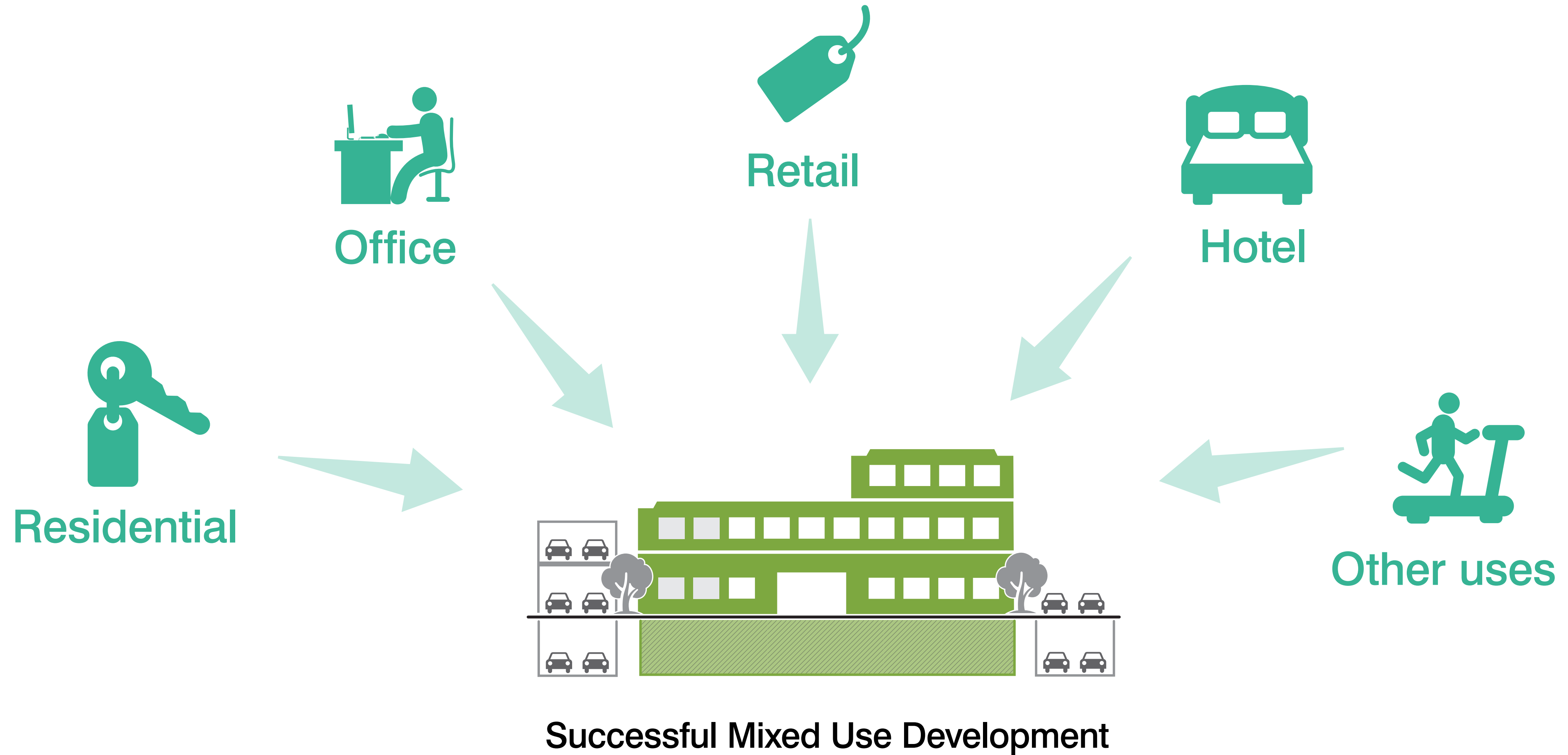
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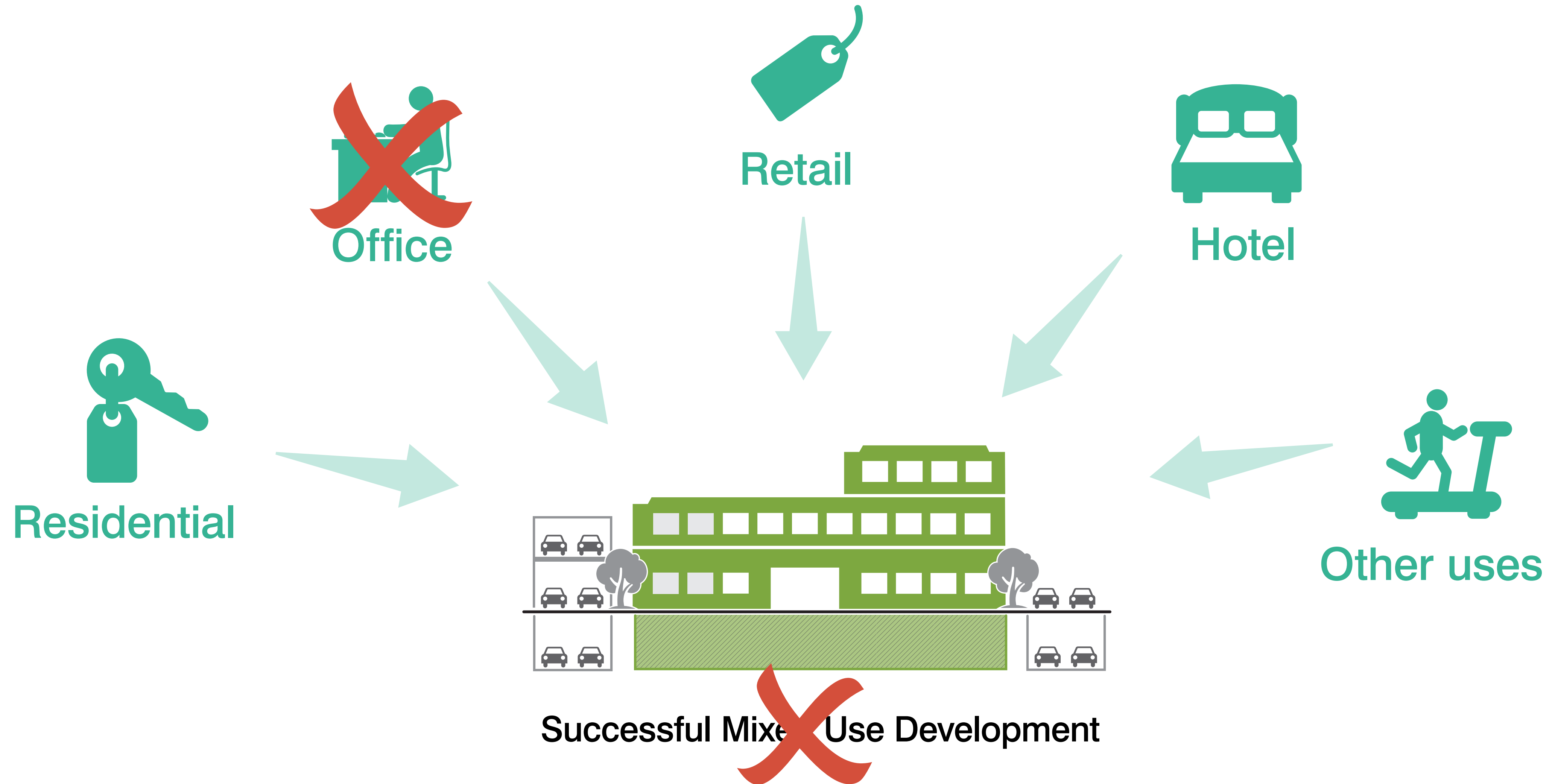
The local context, mix of uses and design on the site you select are just as important, if not more so, than the initial site selection process

A Successful Mixed Use Development

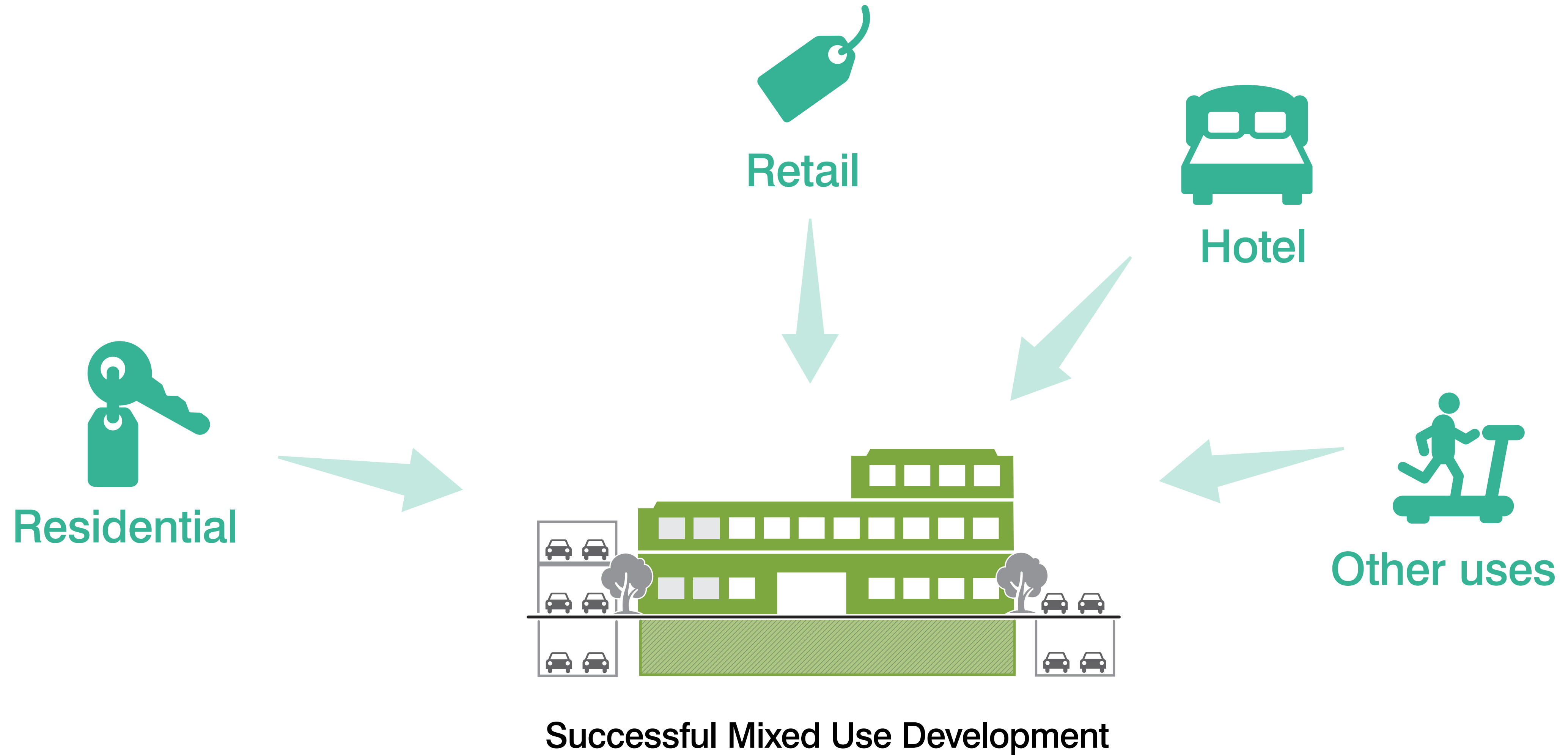
GET THE FUNDAMENTALS RIGHT



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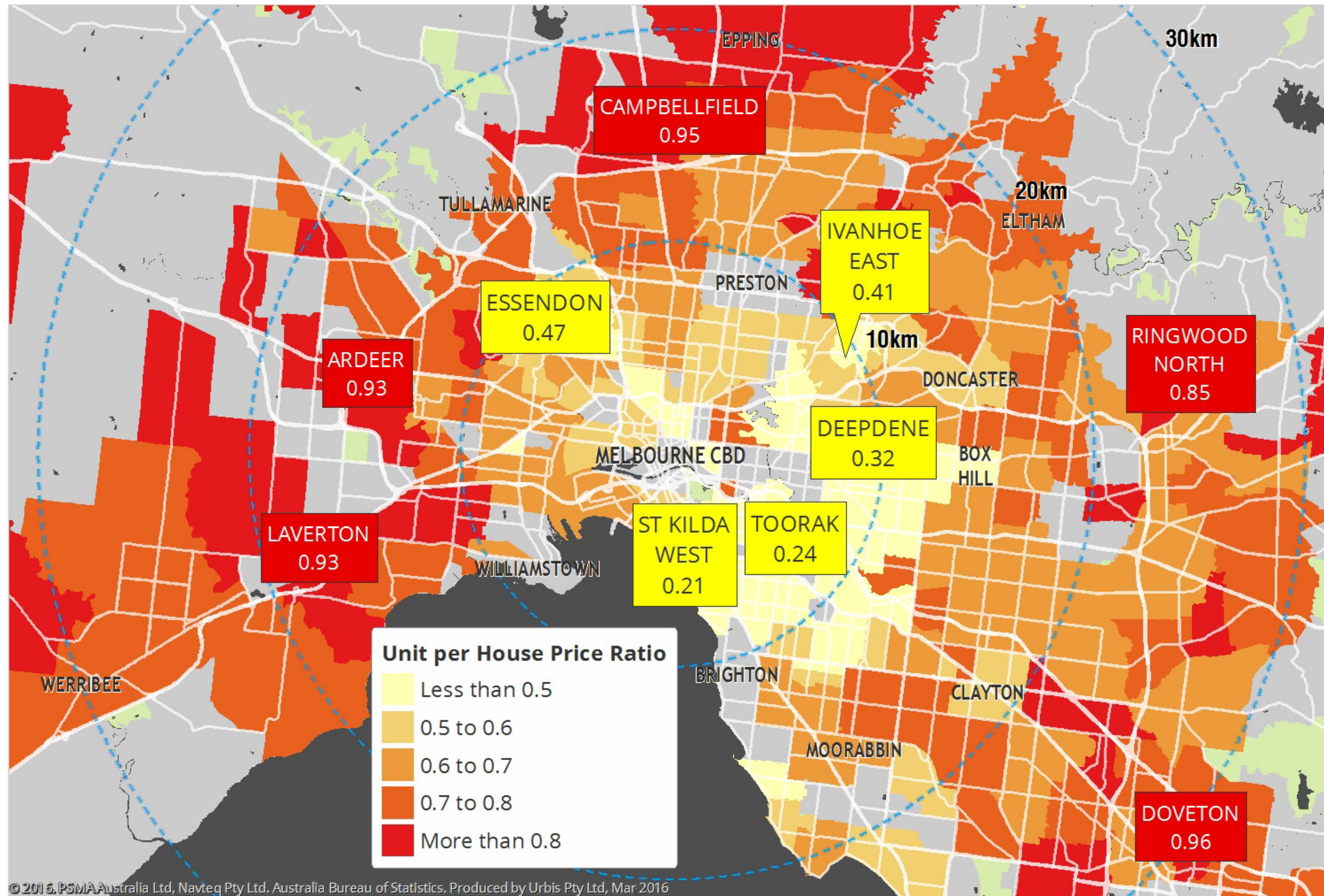


RESIDENTIAL FUNDAMENTALS

- ▶ Population growth
- ▶ Access to CBD/employment
- ▶ Access to transport
- ▶ Retail/entertainment amenity
- ▶ Education facilities
- ▶ Views/aspect
- ▶ Open space
- ▶ State of supply
- ▶ Prices



HOUSE VS APARTMENT VALUE GAP



COMMERCIAL OFFICE FUNDAMENTALS

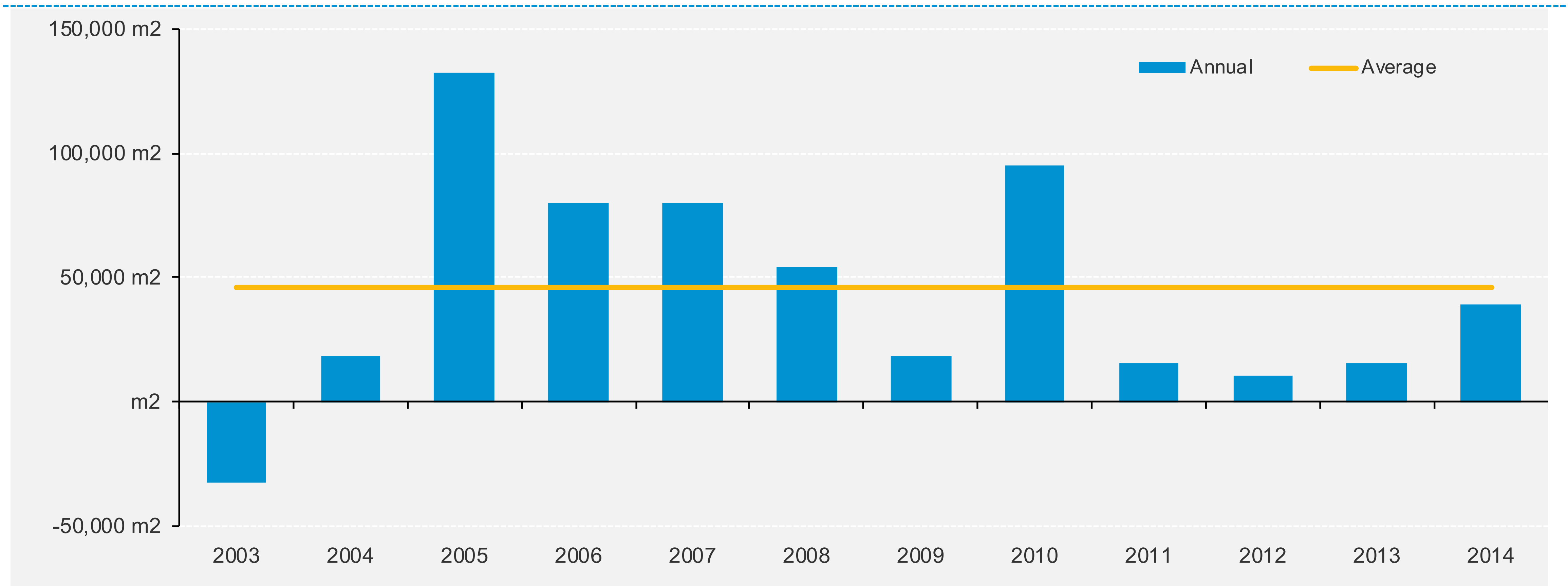
- ▶ Population growth
- ▶ Office worker market
- ▶ Supply and market depth
- ▶ Accessibility by road
- ▶ Public transport
- ▶ Synergies with other businesses
- ▶ Access to services and amenity



IS THERE ENOUGH MARKET DEPTH?

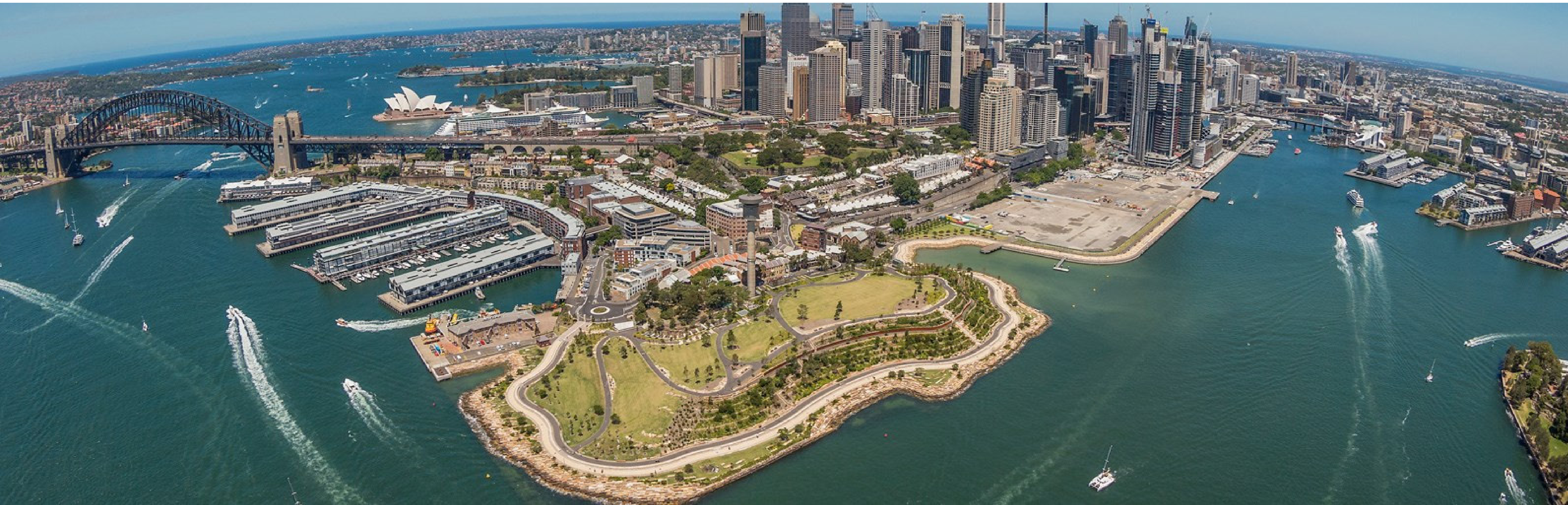
Net Absorption

2003 – 2014 TOTAL MELBOURNE SUBURBAN MARKET

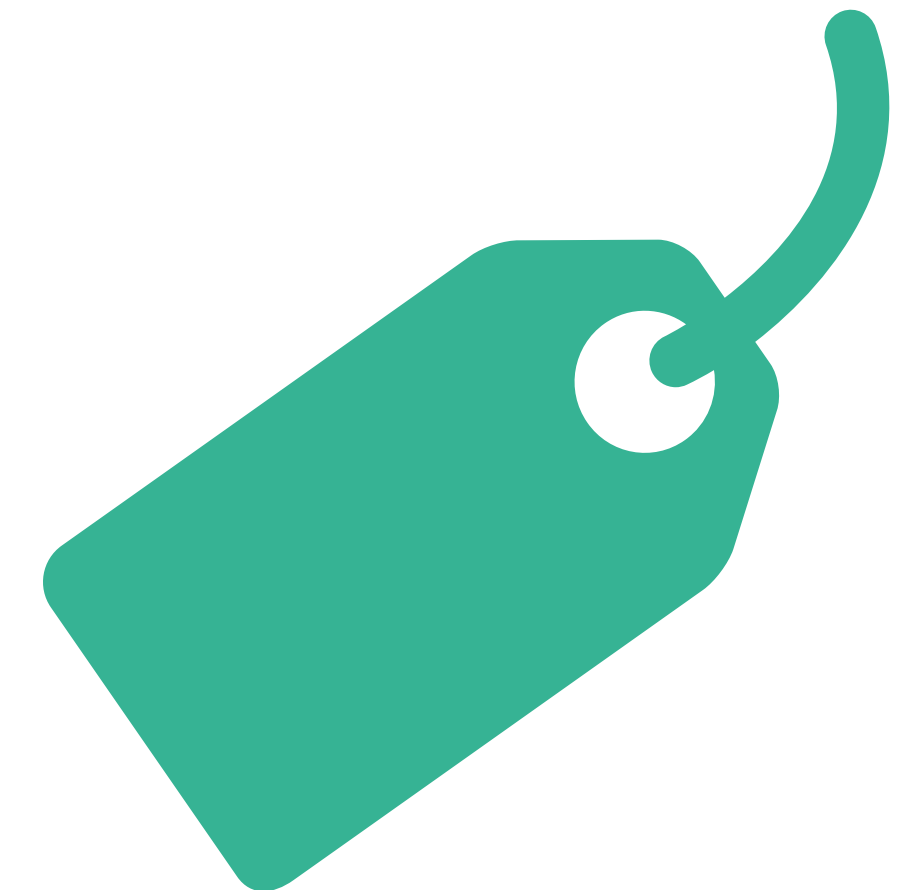


Source: Urbis

BARANGAROO, SYDNEY



- ▶ Ant track
- ▶ Sufficient population/growth
- ▶ Spending capacity
- ▶ Ease of access to market segments
- ▶ Attractive environment
- ▶ Retail anchors
- ▶ Critical mass
- ▶ Exposure
- ▶ Competition
- ▶ Other attractors



SANTANA ROW, SILICON VALLEY

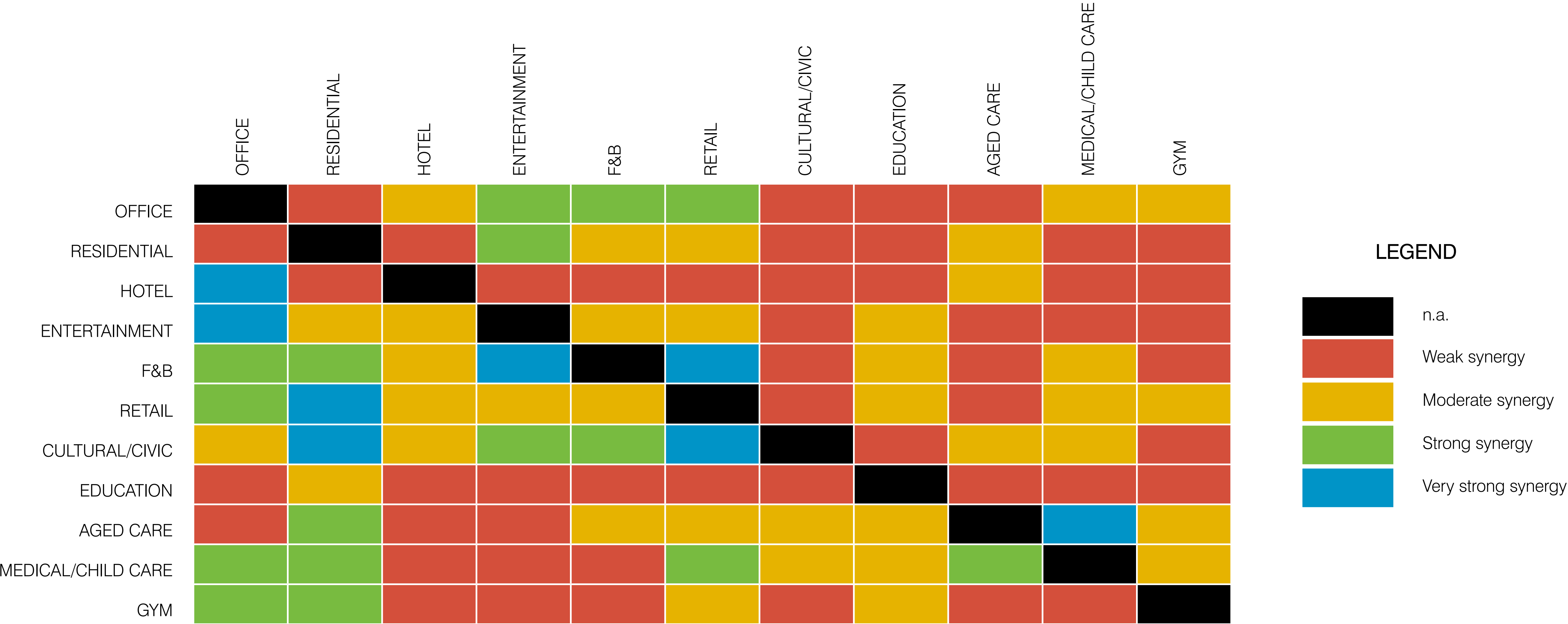
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ALL USES HAVE THEIR QUESTIONS TO ANSWER

- ▶ **Medical centre** - Is there a hospital nearby to drive demand?
- ▶ **Hotel** - Is there demand from tourists or travelling workers?
- ▶ **Education** - Is there a student aged population nearby?
- ▶ **Student Accommodation** - Is there a university generating demand?
- ▶ **Retirement / Aged Care** - Is there an ageing population?
- ▶ **Affordable Housing** - Is there government support to deliver?

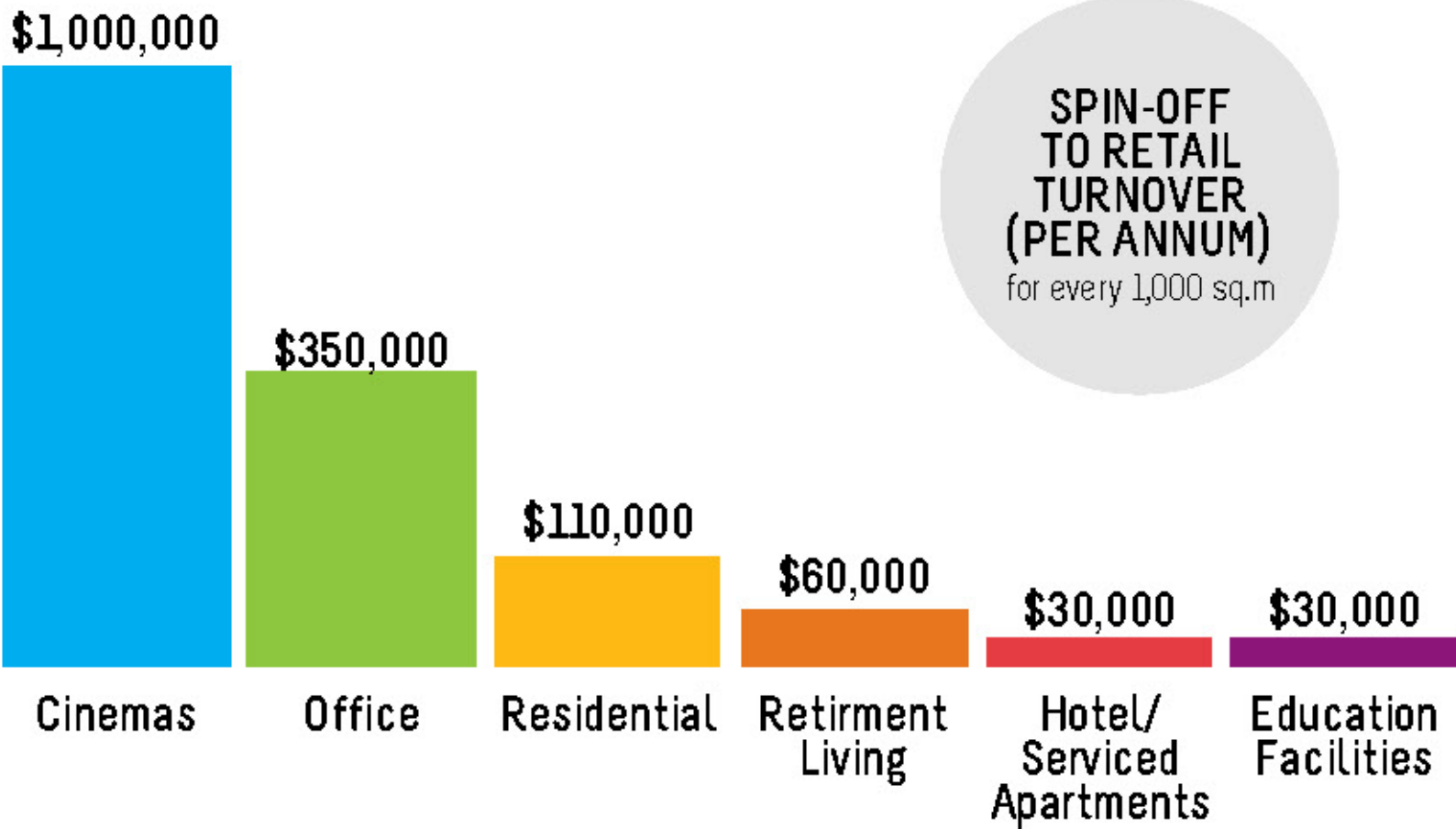
USE SYNERGIES TO MAXIMISE PERFORMANCE



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SPIN-OFF BENEFITS TO RETAIL



SPIN-OFF
TO RETAIL
TURNOVER
(PER ANNUM)
for every 1,000 sq.m

CHADSTONE SHOPPING CENTRE, MELBOURNE





EMERGING MIXED USE SITE OPPORTUNITIES

TRANSIT ORIENTED DEVELOPMENTS

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Level Crossing Removals, Melbourne



TRANSIT ORIENTED DEVELOPMENTS

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Level Crossing Removals, Melbourne



URBAN REGENERATION



Gasworks,
Fortitude Valley
Brisbane

EMPLOYMENT/EDUCATION PRECINCTS



Australian
Education City,
East Werribee



GREENFIELD DEVELOPMENT

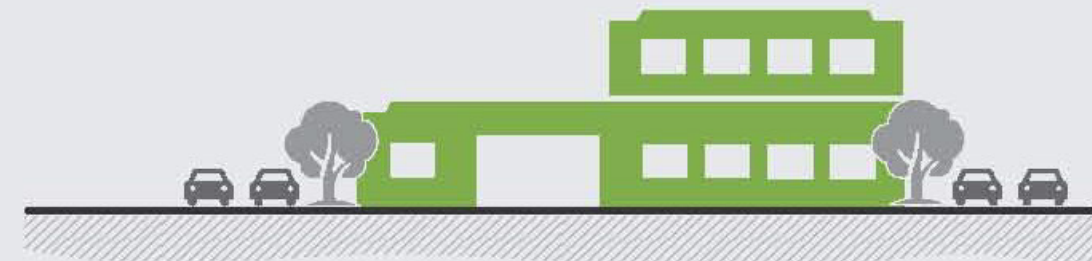
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Caroline Springs,
Melbourne



ENHANCEMENT OF SINGLE USE PROPERTIES

1960s



Scale 35,000 sq. m

Plot Ratio 0.35:1

FEATURES

- Supermarket
- Shops
- Department Store
- At grade parking

1980s



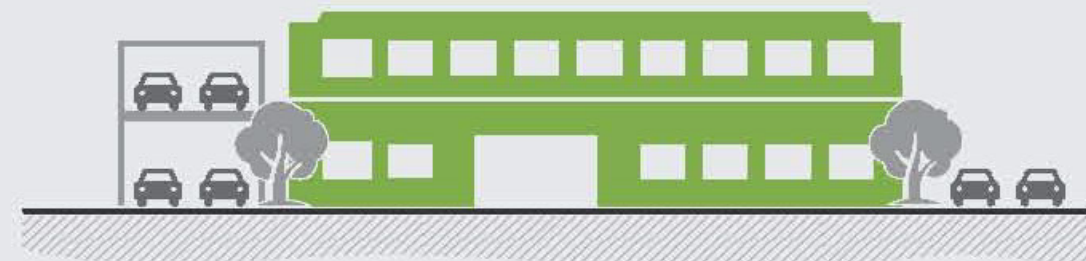
Scale 60,000 sq. m

Plot Ratio 0.6:1

FEATURES

- 2 Supermarkets
- Mini-Major
- Small DS
- 2 DDS
- Shops
- Cinema
- Food Court
- Banks
- Business services
- Library
- Multi-deck parking

1990s



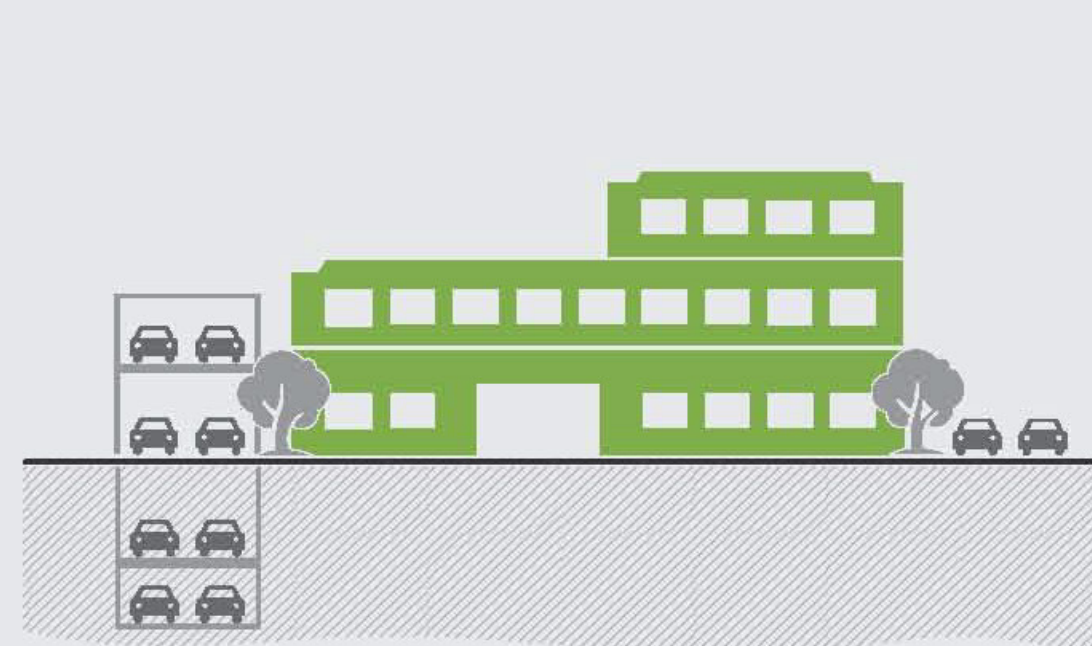
Scale 80,000 sq. m

Plot Ratio 0.9:1

FEATURES

- ELP
- Large Food Courts
- Cinema
- Town Square / Open Air
- Multi-deck parking

2000s



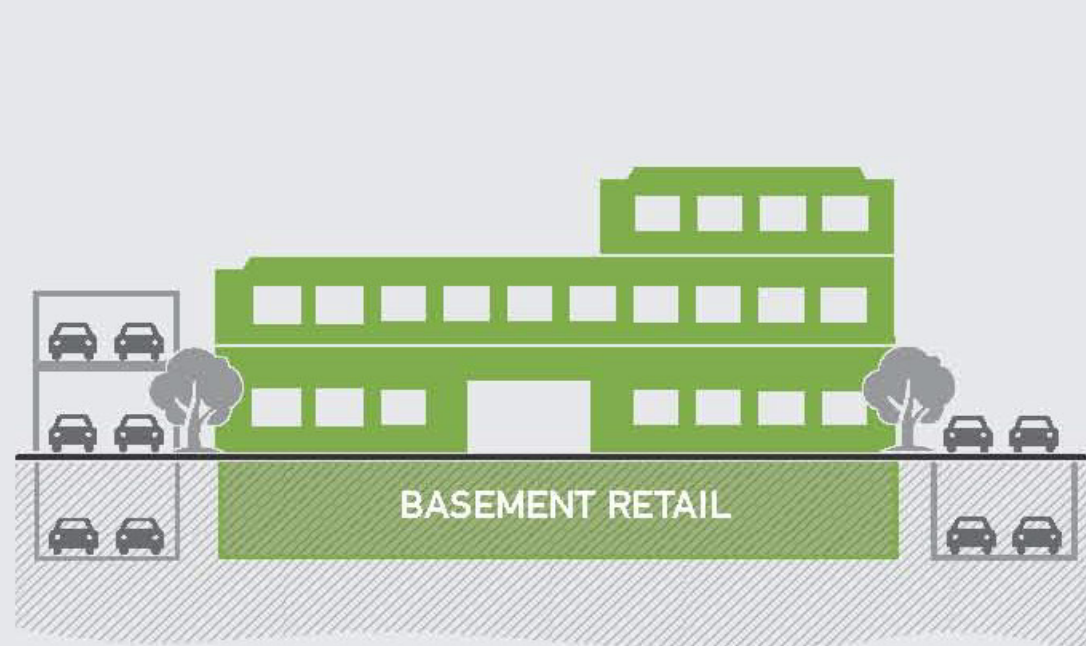
Scale 100,000 + sq. m

Plot Ratio 1.2:1

FEATURES

- 2 DS
- Mini-majors
- Shops
- Big Box
- 2 Supermarkets
- Fresh Food
- Multi-deck parking

2010s



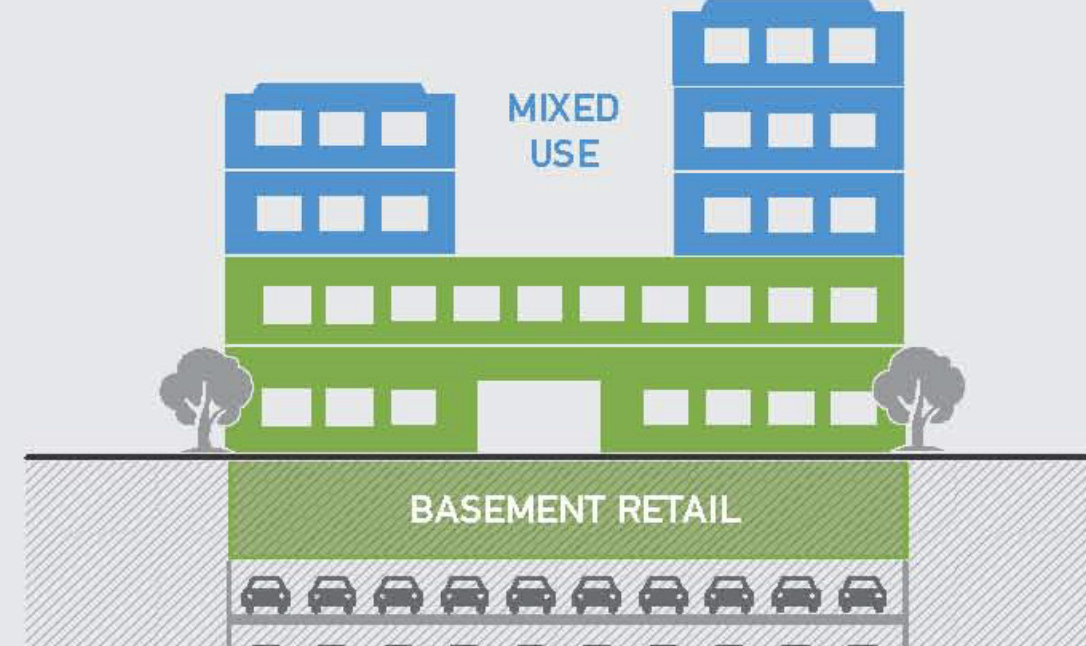
Scale 120,000 + sq. m

Plot Ratio 1.5+:1

FEATURES

- Fast Fashion
- Restaurants
- Large Gym
- Medical
- Contraction of Department Stores (Some Closures)
- Multi-deck parking

EMERGING



FEATURES

- Office
- Hotel
- Medical
- Education
- Community Centres
- Apartments

KEY TAKE OUTS

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- ▶ The **fundamentals** of each use must be met before considering the upside the **synergies** a mix of uses can create.
- ▶ **Mixed use opportunities are emerging, but detailed site selection and development planning is critical.**



THANK YOU

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