

THE VALUE OF PLACEMAKING

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Not that long ago, a visit to a conference focused on property development could feel a bit like a broken record. Speakers would focus on a small number of similar themes, like the growth of eCommerce, the rise of millennials, or the importance of good F&B and entertainment credentials.

Today, while these themes are still strong, much more focus is being given to placemaking. But until recently, most developers have found these principles more challenging to accept into their projects. How can a property owner justify providing high-quality places that cost money and don't pay rent?

WHAT IS A GREAT PLACE?

A 'Great Place' is an amorphous concept, one that is hard to define. Often, Great Places provide a wide range of benefits that flow from several sources and are often at the centre of any connected, inclusive and vibrant community. For example, a great retail place is more than a precinct of shops and parking, it is a destination for social connection and interaction.

Successful placemaking in mixed-use developments can also be evidenced by the depth and breadth of economic and social activity. Great Places enable and support a vibrant ecosystem of households, businesses and community services that are engaged and well-connected.

A further important aspect of Great Places is that they are dynamic and resilient, and this is supported by effective and proactive governance systems. Just as placemaking should not be seen as a set-and-forget process, their governance systems should be seen as well-informed and adaptable.

UNDERSTANDING VALUE

Cistri is a new type of consultancy based in Singapore whose vision on placemaking and value-creation is based on a holistic method that reflects the philosophy that the whole is greater than the sum of its parts.

Figure 1 presents an analytical framework for assessing the value of Place. It shows each of the key elements from which value is derived under four headings – Commercial, Economic / Fiscal, Environment / Sustainability and Social / Community. Value can flow from each of these elements, however, different audiences will focus on different aspects.

The hardest stakeholders to convince of the Value of Place are the landlords who have to pay for it. So, what value can a property owner expect?

A PRACTICAL APPROACH

With their analytical framework complete, the team at Cistri sought practical ways to use data to help communicate the potential benefits of Great Places.

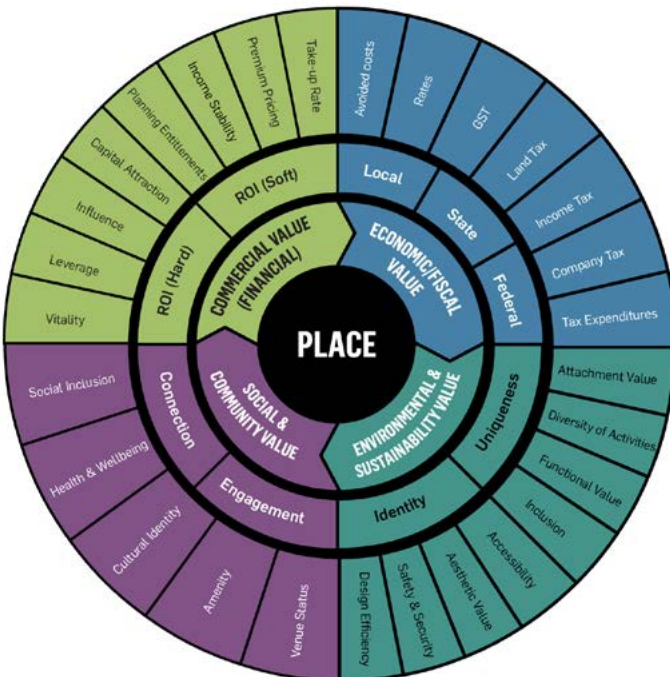


Figure 1. Source: Urbis Pty Ltd. / Cistri Pte Ltd.

First, the consultants defined the Places to be considered. They took a broad view and included a range of land uses that either:

- provided high-quality public space, or
- provided a public service but paid little to no rent

These Places were grouped into four categories:

1. Entertainment & Leisure Precincts (F&B)
2. Healthcare
3. Library / Arts
4. Outdoor / Play / Parks

Cistri then chose twelve properties across the Asia Pacific that contained one of these four Place categories. Using a mobile phone movement analysis tool the team were able to analyse the behaviour of visitors who use the Place in question, and ask two key questions:

1. Was the user of the Place more or less likely to come from the property's 'usual' catchment?
2. Did the user of the Place spend longer in the rest of the commercial precinct than a non-user?

The results (see figure 2) for the first question were quite mixed. It is quite apparent that a strong Entertainment & Leisure precinct can have a positive impact on a commercial property's catchment — people will travel further for a high-quality F&B precinct than a regular commercial precinct. However, for the other Place categories, the results were less straightforward.

For the second question, the results were far clearer. Users of each Place had, on average, a longer dwell time within the rest of the commercial property than non-users of the Place. For any retail property, improving dwell time is a key objective. And stronger retail can mean stronger amenity for other land uses.

SOME EXAMPLES

Westfield Chermiside, Australia

This is a splendid example of the impact of providing a high-quality Place as part of a new F&B precinct. The precinct provided 25 additional F&B outlets as part of a regional mall. Stitching the precinct together was a lovely laneway with water features, greenery, and places to relax. The project achieved some impressive metrics:

- Visitors to the F&B precinct were 13% more likely to have come from beyond the mall's trade area.
- The cross usage between the F&B precinct and rest of the mall was 65%, making the precinct a strong anchor.
- Visitors to the F&B precinct had a 37% longer dwell time than other visitors.

So the F&B precinct is attracting people from a wider area, getting them to stay longer, and making good use of the rest of the property.

Jewel at Changi Airport, Singapore

One of the most impressive additions to any commercial property in recent years is Jewel's Rain Vortex. Surrounded by lush green terraces, it is becoming a must-see destination for Singaporeans and tourists alike.

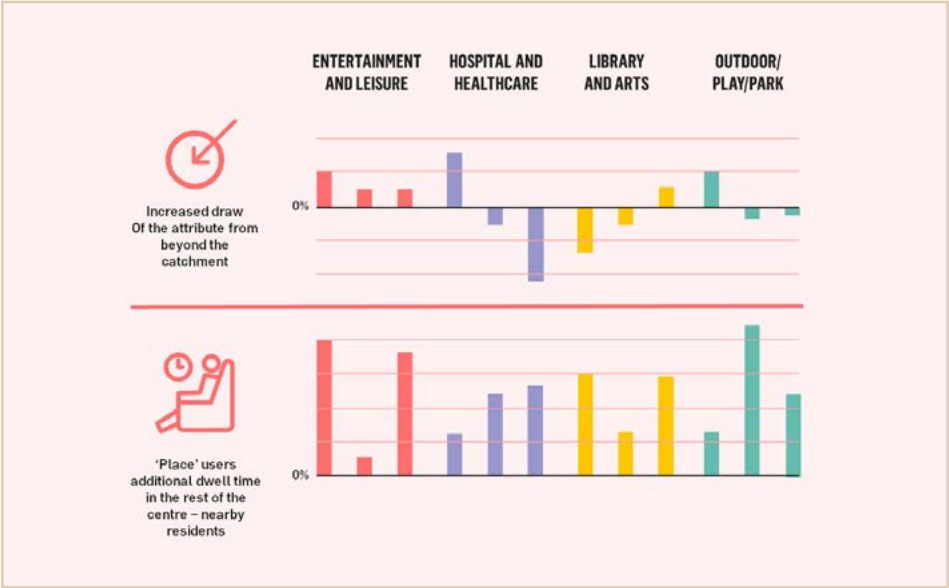


Figure 2.



Westfield Chermeside.



Jewel at Changi Airport.

As an airport mall, it is harder to determine the Vortex's impact on customer draw. However, our analysis has shown that people who do visit the Vortex have a 9% longer dwell time in the mall than those who only visit the mall. It is apparent that the Vortex is attracting a slightly different type of customer, one who has a bit more time on their hands, whose alternative might be to stay in the airport terminal.

A WORKED EXAMPLE

In 2019 Cistri worked with a shopping centre owner to help them understand the value of the placemaking elements they had put into a retail centre. The centre had two key Places:

1. A fabulous outdoor leisure area that included a kid's play area, family picnic areas and high-quality landscaping;
2. An outdoor entertainment and leisure precinct, which included a range of restaurants and entertainment tenants, stitched together by very strong placemaking elements.

The team undertook a detailed analysis of visitor and expenditure patterns for each of the precincts and used this to estimate their impact on the underlying value of the remainder of the shopping centre. Their analysis suggested the following findings:

- The outdoor leisure area increased the value of the centre by between 1 and 1.5%.
- The F&B anchored ELP (2) was found to have increased the overall value of the balance of the asset by between 3 and 5%. Probably not all of the value uplift can be attributable to the place-making elements — the restaurants alone would have had some impact by themselves. But the success of the F&B precinct was driven by the placemaking elements.

DO'S

- **Engage placemaking experts at the start** of a development process, not the end.
- **Think about Place as a 'need-to-have'** in a development, not a 'nice-to-have'.
- Treat Place as an ongoing feature of a property, not a piece of art or branding strategy.

DON'TS

- **Don't focus on the costs.** Instead, focus on the benefits of Place.
- **Don't treat placemaking as a box-ticking exercise.**