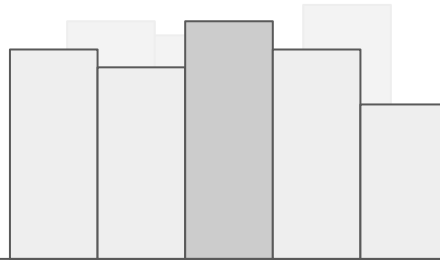


The added value of mixed-use



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Hilde Remøy  
Erwin Heurkens

Real Estate Management  
Urban Development Management

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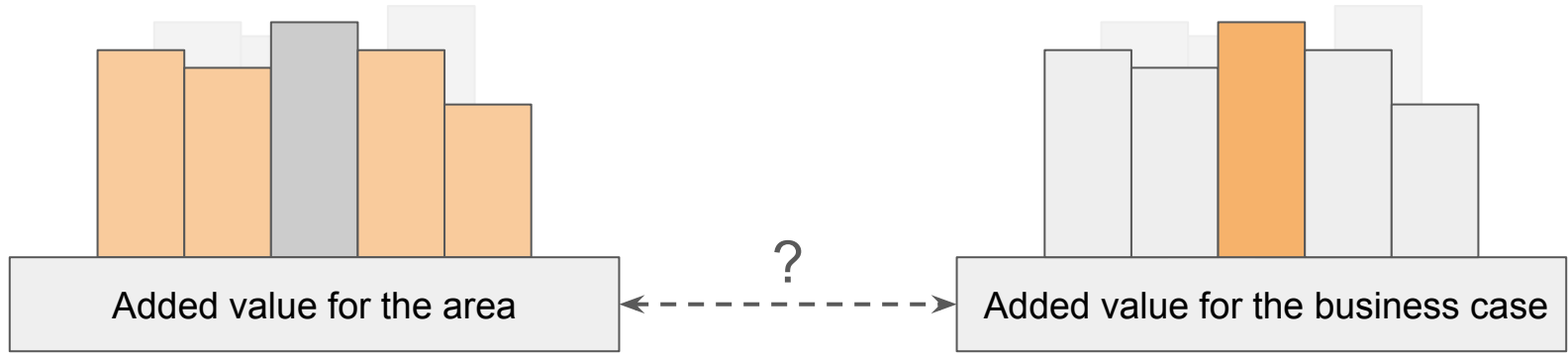
Discussion

## **Introduction**

Changing role of the real estate developer

Adaptive re-use of vacant real estate and land

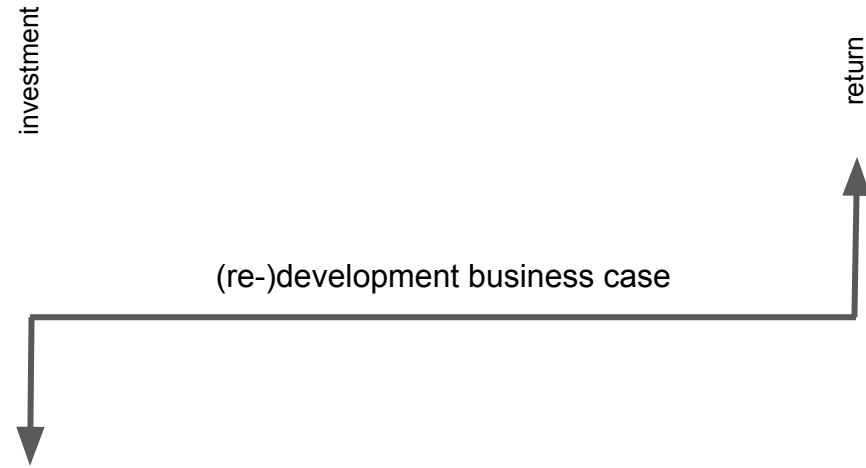
Increasing popularity of mixed-use in urban planning

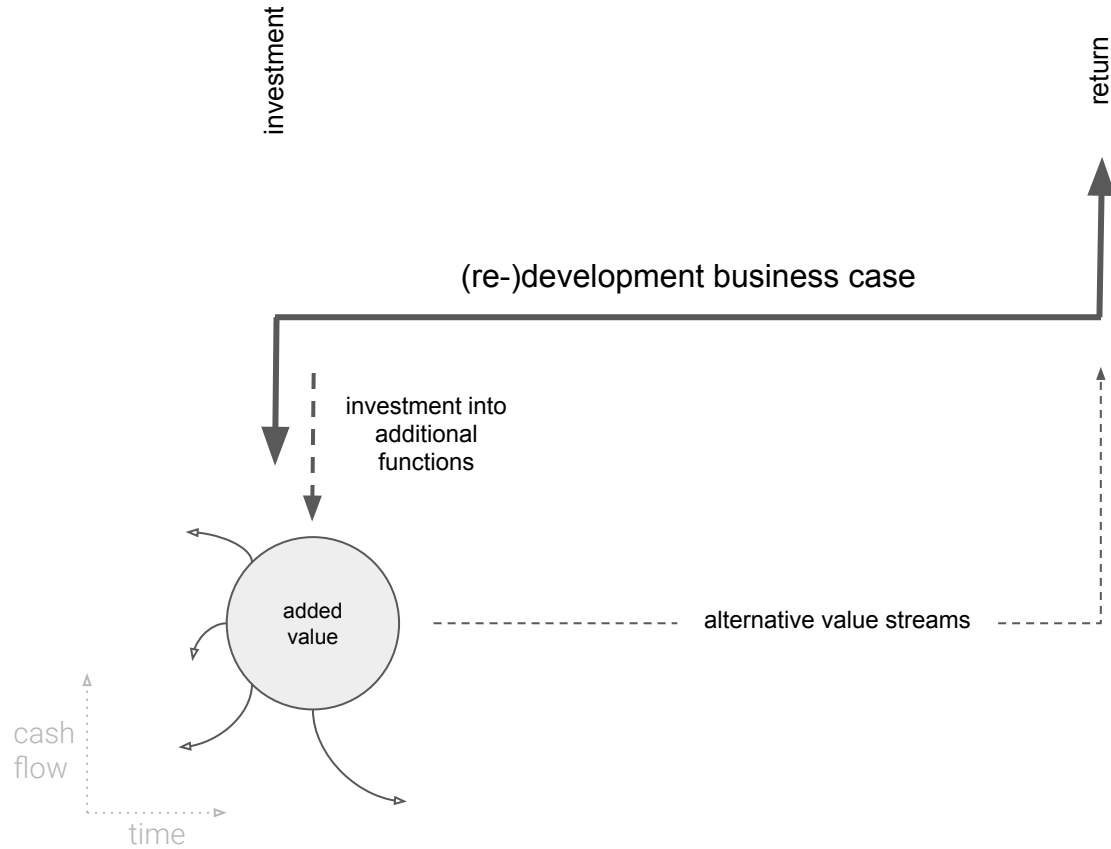


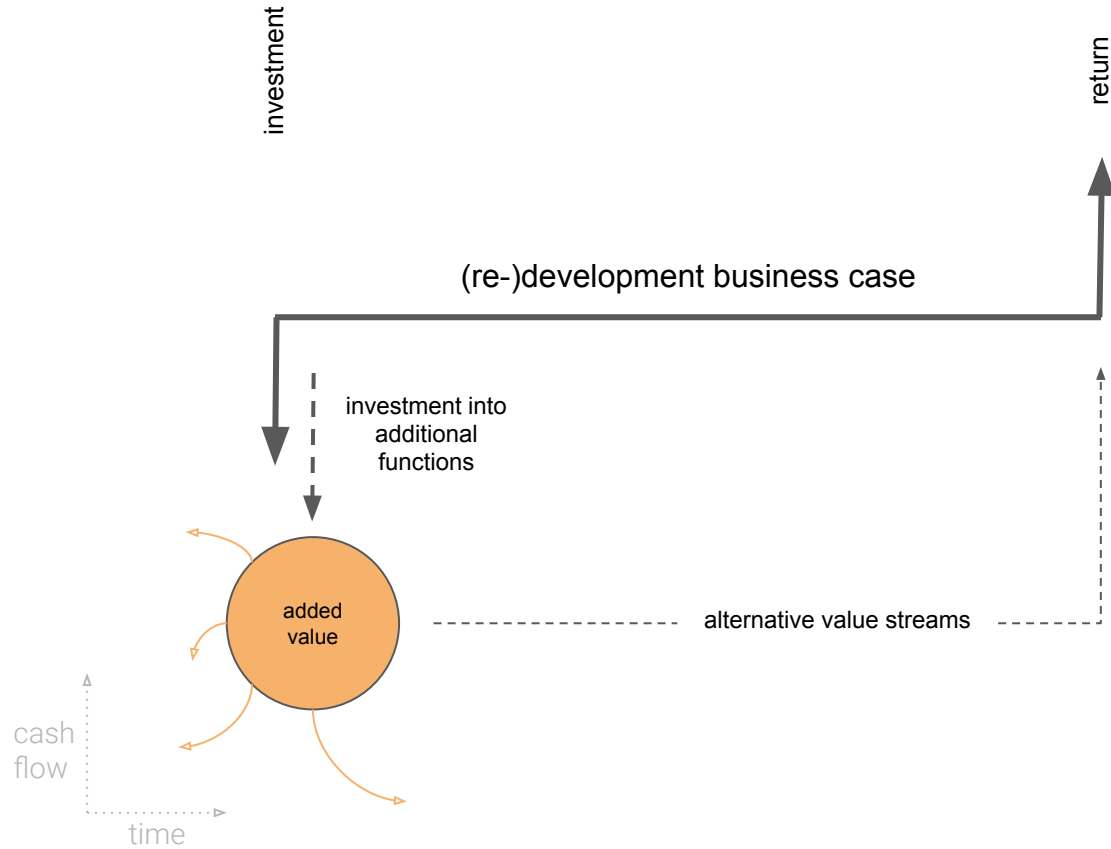
*"How can mixed-use real estate generate value for both the area and the redevelopment business case?"*

cash  
flow

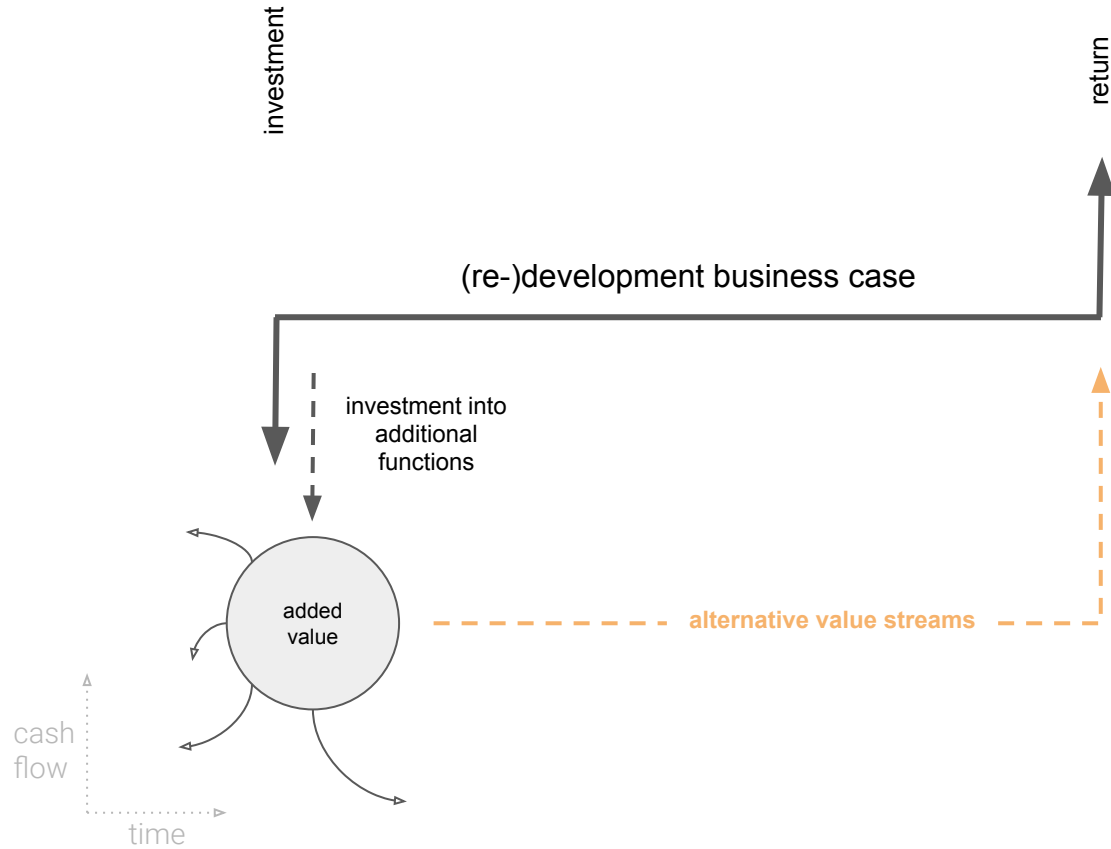
time











**SQ1:** *What are the benefits and downsides of mixed-use?*

**SQ2:** *How can mixed-use add value to the area?*

**SQ3:** *How can mixed-use contribute to the business case?*

**SQ4:** *How can the added value for the area be captured for the business case?*

## Part I

Theoretical research

literature review

Document review

Desk research

Research questions:

- 1
- 2
- 3
- 4

## Part II

Empirical research

context analysis

case studies

Document review

Desk research

Exploratory  
interviews

In-depth case interviews

Cross-case analysis

Research questions:

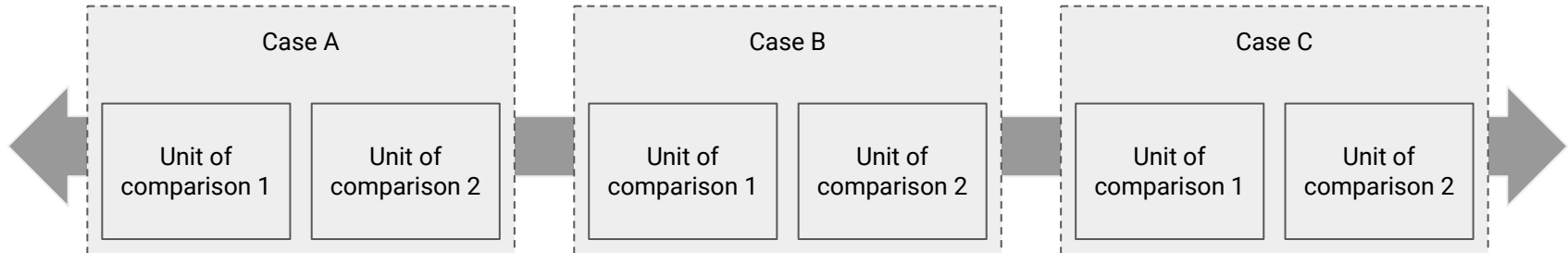
- 1
- 2
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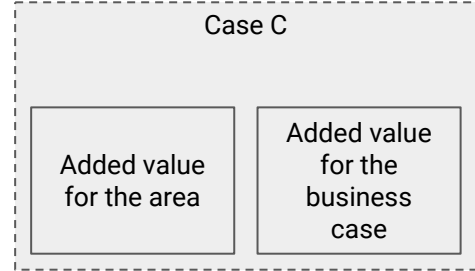
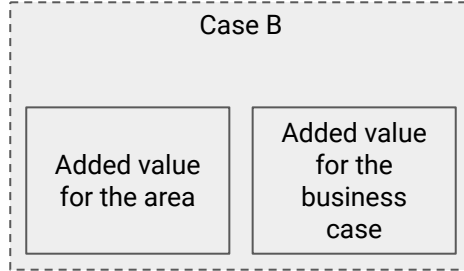
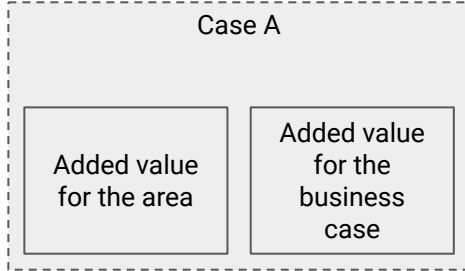
## Methodology

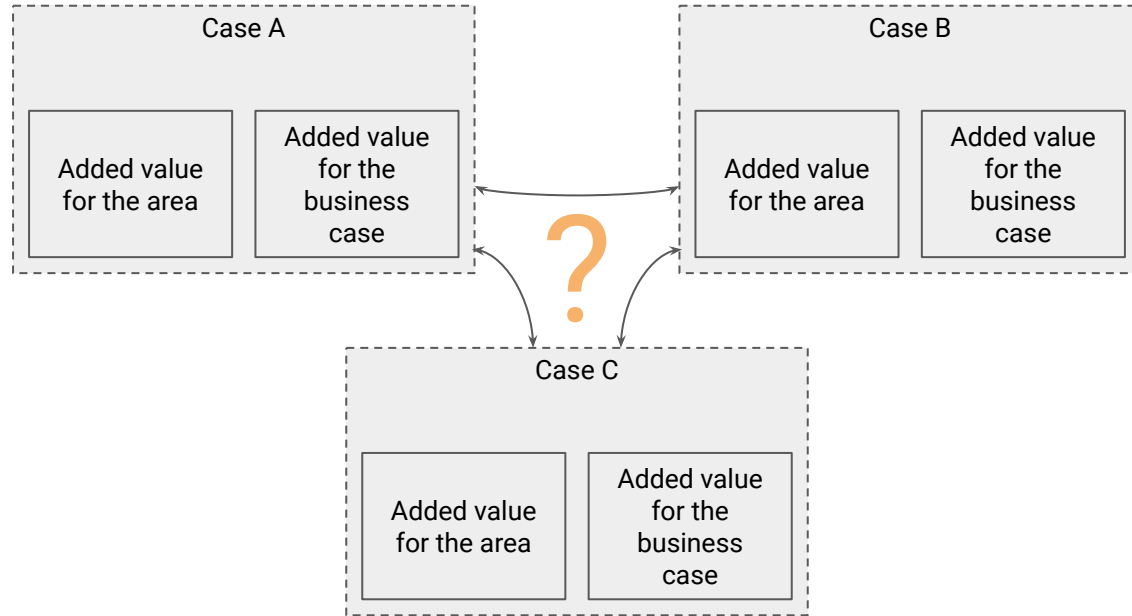
Descriptive & Exploratory

Outcome-focused

Embedded multiple case study







## **Literature review**

**SQ1:** *What are the benefits and downsides of mixed-use?*

Mixed-use compared to single-use

Solution to problems of the modern city

'Soft factors' of the built environment

## **Benefits**

- More vital during different parts of the day
- Safer through increased social control
- More coherent through vertical integration
- More attractive to their users
- Diminish need to travel or commute
- Provide greater opportunity for public transport connections
- Less car reliant
- Justify and better integrate public spaces
- Increase financial feasibility through synergies
- Strengthen the sense of place and adoption of unique project brand



## Downsides

- Fragmented ownership could lead to differences in the (re-)investment cycle of project components
  - A complex ownership structure, which hinders maintenance and facility upkeep
  - The project must be pre-planned completely and hit the ground running
  - Relying on synergy of functions brings risk as poor timing may lead to vacancy and low rents
  - The added complexity and longer development timespan increase this risk and add costs
- However: Independent financial feasibility of the project components mitigates this risk but means that cornerstone land-uses cannot compensate for other urban functions.
- Greater difficulty securing capital than single-use projects
  - Regulatory hindrance
  - Policies and land-use plans form obstacles

## Literature review

**SQ2:** *How can mixed-use add value to the area?*

Context benefits

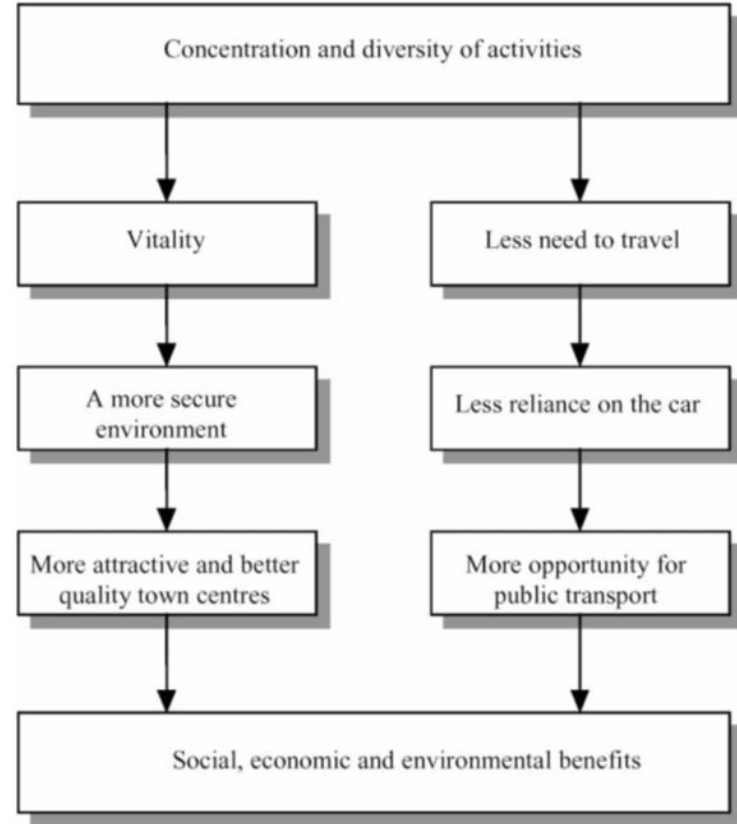


Figure: Relationships between benefits of mixed-use development (British Department of the Environment , 1995b).

## **Literature review**

**SQ3:** *How can mixed-use contribute to the business case?*

Utility and synergy between space-uses

Placemaking and branding

Public space

Depends on context benefits

## **Literature review**

**SQ4:** *How can the added value for the area be captured for the business case?*

Asset value depends on vibrancy of the site

Compensation from public parties

Benefits are hardly quantifiable and spill-over to others

Negotiability of soft factors

ESG & corporate social sustainability

## Part I

Theoretical research

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Desk research

Research questions:

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- 3
- 4

## Part II

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- 4

## **Case context analysis**

Zoning and parking regulations

Fiscality

Main attractors

Strategic advantage

Paradigm

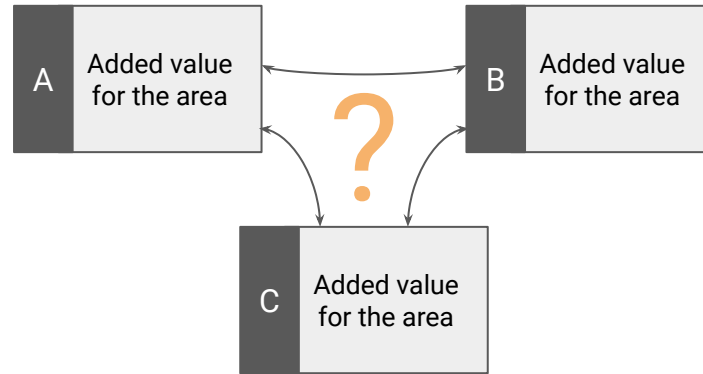








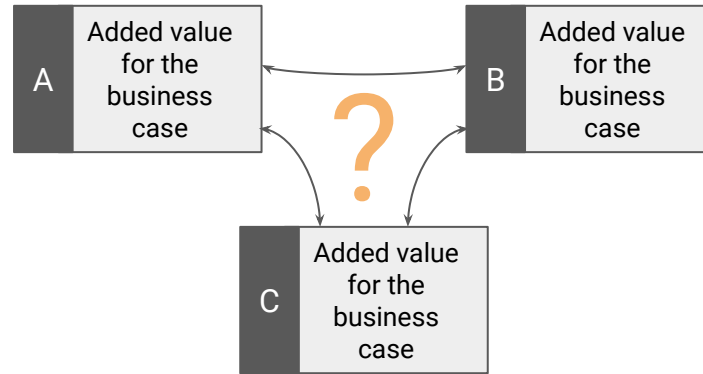
	Fenix I	Haasje Over	KJ Residences
Urban function:	Residential Leisure Culture Hospitality	Residential Leisure Culture	Residential Retail Public space Hospitality
Mixed-use form:	In plinth	Through building stacking	In plinth of public hall
Part of a larger redevelopment plan:	Revitalisation of the neighbourhood	Reintegrating Strijp-S industrial site in the city	Ground floor hall is the new entrance to the city



	Fenix I	Haasje Over	KJ Residences
Incorporation of extraordinary space-use as placemaking	●	●	●
Engages with / includes local community through social / cultural space-use	●	●	
Shift in local attitude towards redevelopment	●		
Strong identity strengthens brand of the area	●	●	●
Increased preservation of industrial legacy	●	●	
Increase traffic flow on foot			●

	Fenix I	Haasje Over	KJ Residences
Provides space for local cultural initiatives	●	●	
Attracts new user groups (young families / creatives)	●	●	
More diverse housing stock retains families	●		
(New) strong identity & brand of the area	●	●	●
Spark rapid increase in surrounding real estate prices	●	●	
Improve quality of stay & character of public space	●		●

	Fenix I	Haasje Over	KJ Residences
Origin of investment:	<b>Concession</b> , as inclusion of social space-uses was a municipal demand	<b>Intrinsic motivation</b> , to engage with local communities out of social responsibility	<b>Concession</b> , the design and quality of use of the public hall were tender assessment criteria
Associated public investments:	Part of the urban renewal of Katendrecht. The municipality was willing to invest in public space as developer helped realise their ambitions.	The municipality takes part in a Special Purpose Company for allotment of land.	Redesign of KJ square, large underground bicycle parking and connection to Koekamp park.



	Fenix I	Haasje Over	KJ Residences
Rebranding causes increased demand and new user groups	●	●	
Long-term investment met with high yield for pioneers	●	●	
Improved quality of public space improves marketability			●
Land bid compensated for loss of buildable land / space profitability		in settlement	in tender
Long-term financial commitment of municipality	lease contract		
Freedom in temporary use	●		



	Fenix I	Haasje Over	KJ Residences
Great municipal interest loosens 'soft' restrictions	●		●
Increased attractiveness (not expressed monetarily) due to greater vibrancy of the area	●	●	●
Improved marketability due to service level provided by additional space-uses			●
Strengthened relationship with (public) project parties	reference for acquisition	novel character	reference for acquisition
Mixed-use development may favour strategy of the firm over optimised business-case			●

## **Conclusions**

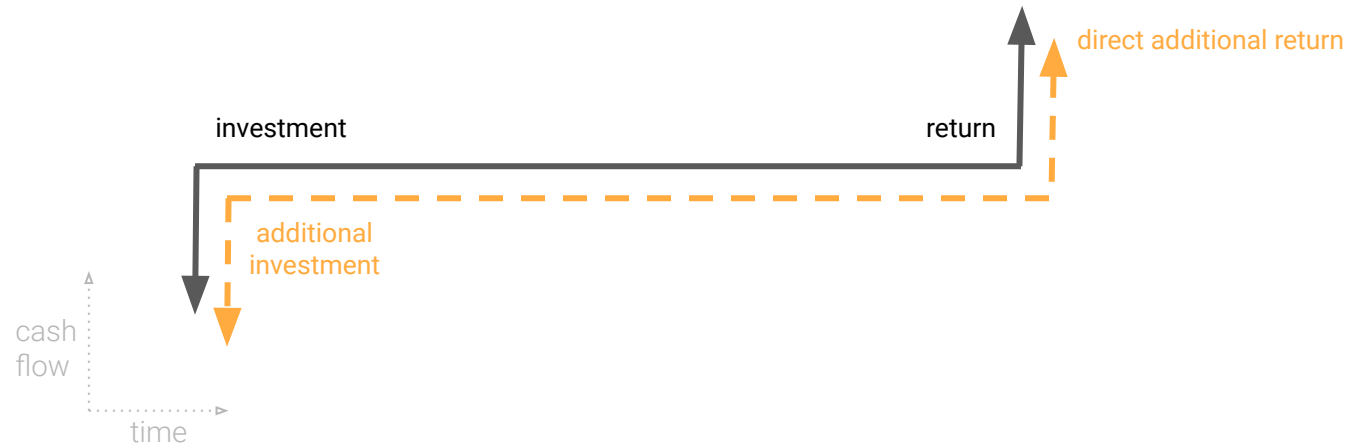
Much of the added value is qualitative and cannot be expressed monetarily

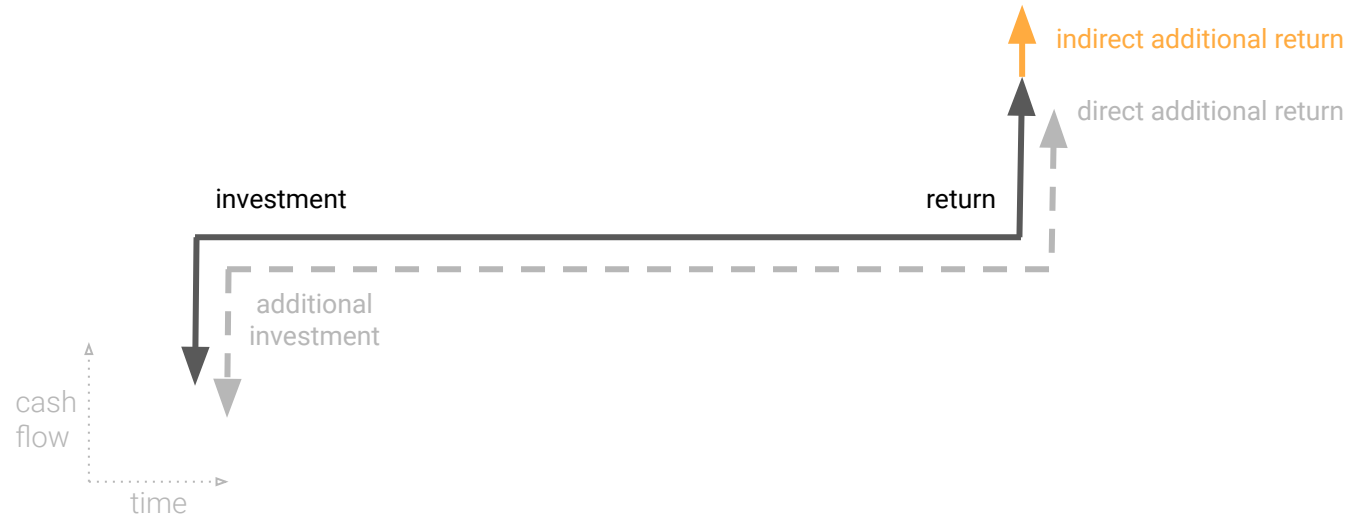
Practice relates area benefits to local users and communities

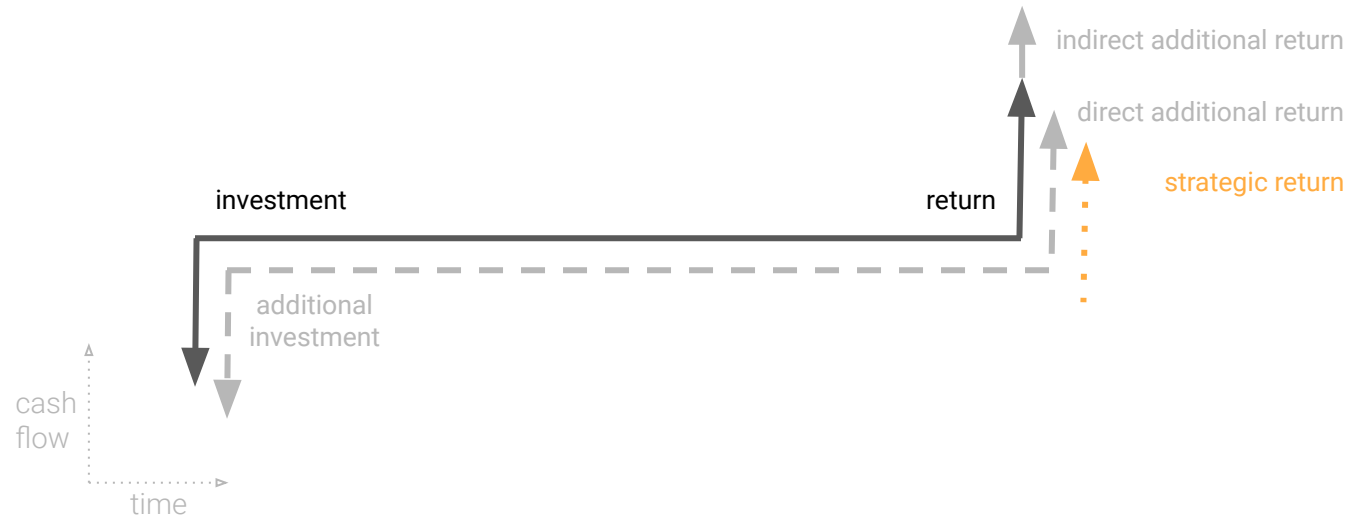
Stakeholders value benefits differently

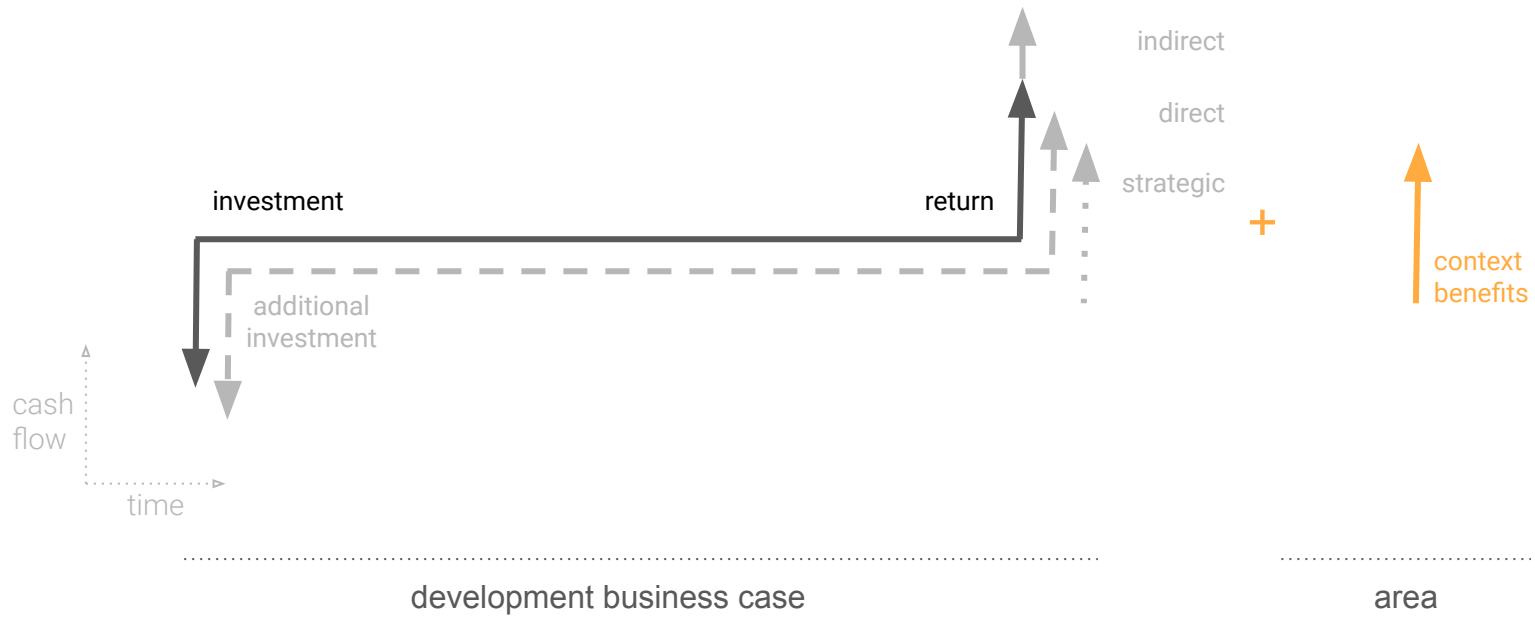
Broadening of the business case remunerates value 'lost' to the area

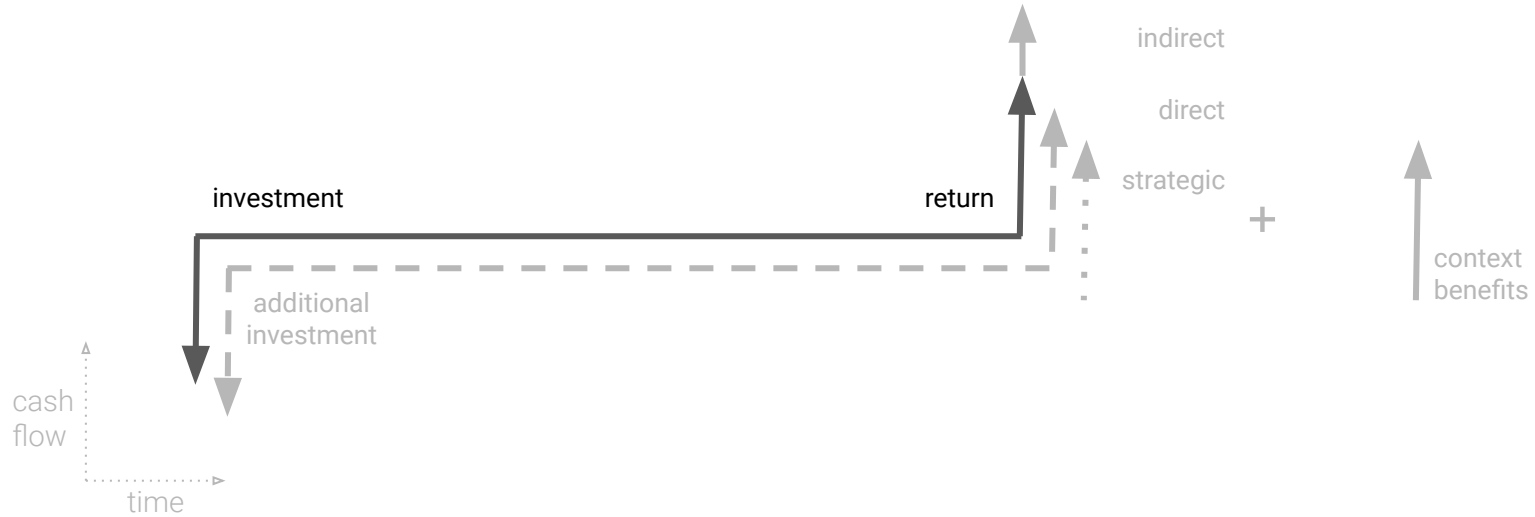












development business case

area

Direct returns:	Rent income and financial compensation
Indirect returns:	Synergies, increased marketability, and looser 'soft' restrictions
Strategic returns:	Project team & public relations, acquisition, references
Context benefits:	Day-round vitality, economic activity, safety, mobility, and environmental sustainability



## **Discussion**

Divided

Marketability

Motivation

Regaining value for the business case

## **Limitations and recommendations**

Method

Validation

Transferability

Recommendations

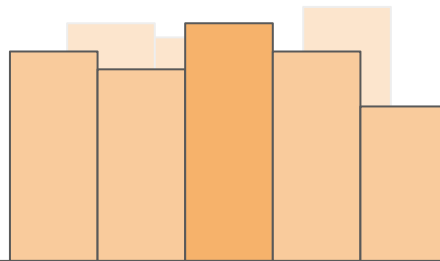
## **Final takeaways**

Added value for the area and for the business case are not mutually exclusive

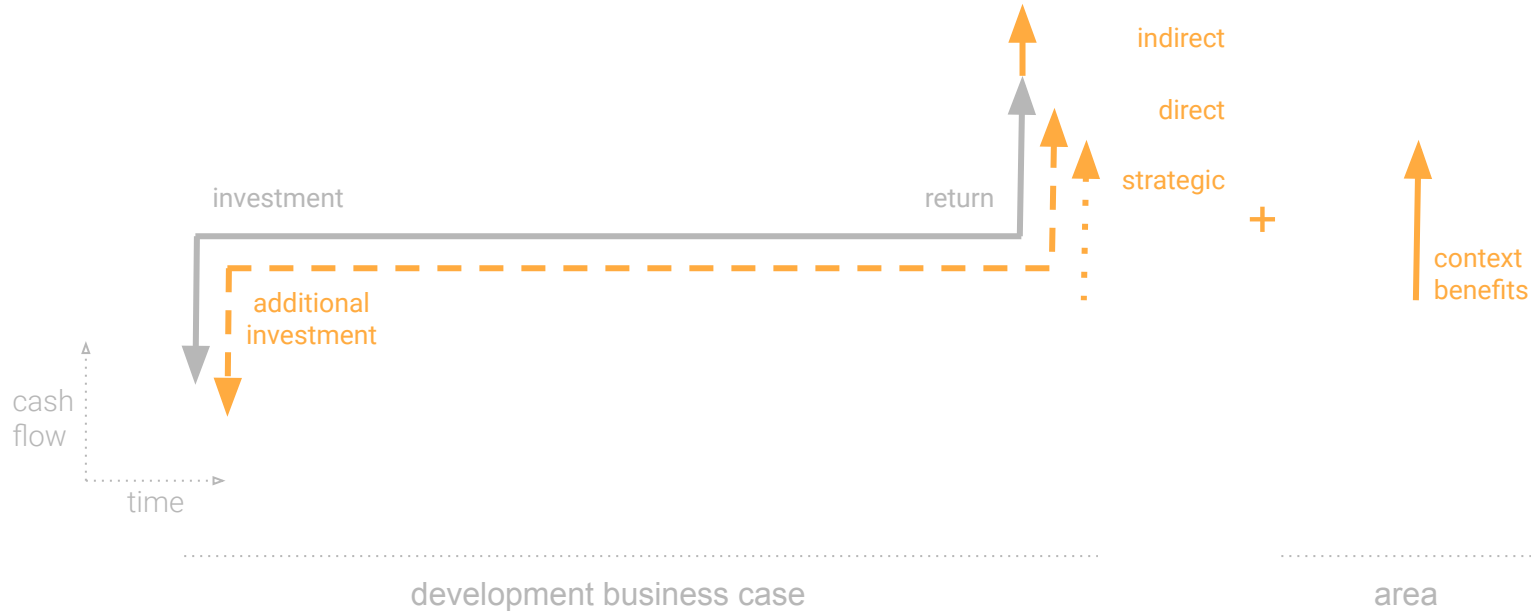
Conflict between strategic advantage and operational effectiveness

‘Yield-based thinking’ vs ‘Value-based thinking’

Value is based on who you ask







Direct returns:	Rent income and financial compensation
Indirect returns:	Synergies, increased marketability, and looser 'soft' restrictions
Strategic returns:	Project team & public relations, acquisition, references
Context benefits:	Day-round vitality, economic activity, safety, mobility, and environmental sustainability

Criteria	Motivations
The case projects must be <b>redevelopment projects</b> .	The problem statement specifically states redevelopment projects as these (often inner-city) locations demand new stimulus in order for value to increase. This demand driven perspective is important for understanding how the case projects came to be.
The case projects must be <b>located in The Netherlands</b> .	The scope of this research is limited to the Dutch real estate practice for the sake of comparability of the cases and their economic and juridical similarity.
The <b>developers</b> of the case projects must be <b>based in The Netherlands</b> .	Once more, this limit is placed to minimise political and cultural differences for the sake of case comparability.
The case projects must either <b>introduce or retain an unprofitable function</b> to the site.	The thesis aims to study the synergy of unprofitable and profitable functions for the area and the business case. However, the interventions that enable unprofitable functions to sustain their existence in the area are also viewed as successful spin-off redevelopment cases.
The initiators of the case projects ideally differ in type of <b>real estate development company</b> .	To assess a wider variety of perspectives within the limited scope and timeframe of this research, it may be interesting to analyse the perspective of stakeholders with different but comparable backgrounds.
The case projects must be <b>comparable in type</b> .	These factors ensure comparability of the cases; excluding entangling variables in the analysis.
The case projects <b>must be mixed-use</b> , but the exact functions may differ.	
The case projects must be <b>recent</b> , with initiation or execution within the last 5 to 10 years.	

Table 6.1: Case selection criteria

