

# The **Mixed-use** Real-estate

**Bentel Associates is a JV between ICS Group, India and Bentel International, South Africa.** In India, it offers specialized architectural services in retail real estate and mixed-use developments from project concept to development and other related services. According to **Stephen Roberts, Chairman- Bentel Associates**, as retail becomes more and more organized, the future of projects will tend towards “Mixed Use Developments” across India.



A convergence of factors has catapulted mixed-use developments into the commercial real estate spotlight in recent years in India and is a growing trend that is interestingly shaping the landscape of the country. Rising land prices and the desire to rein in sprawl have made greater concentration of mix-design or vertical structures more lucrative and with better ROI. Higher fuel prices have aggravated the appeal of living and working in the same pedestrian-friendly area and central hub of activities around the residential/offices spaces.



One of the greatest advantages of mix use design is risk mitigation. Not only does the planning team have to keep in mind the good mix

*Mixed use design is characterized by planned integration and combination of retail, office, residential, hospitality, recreational, civic or other functions with a common architectural expression. Such projects have become popular both in urban areas, where land availability is a major concern, and in satellite towns or tier-II cities, where communities are looking for alternatives to subdivisions and mega-malls.*

of retail/commercial components and an equally enticing residential proposition but also how will the integrated planning plays on consumer psyche. Once the fitment is established, the whole project has well-established risk coverage. Some of the commercial, retail or hospitality establishments work as anchor tenants and have a pull effect for residential consumers and sometimes have a strong consumer presence that can attract big and established anchor tenants.

## Design Factors

Mixed use development is about the demographics and the project's ability to draw and connect people. It involves a careful mix of uses

proposed by careful research and meticulous planning to achieve on time delivery of the project.

**Location:** While location is a fundamental consideration in a selecting site for a mixed-use design, a major challenge can be addressed if the size and tenant mix are formulated according to the location. In most cases, the more perplexing changes can be overcome by adopting a structured and planned approach for development, execution and management of the establishment.

Size and configuration of the site: An optimal size is necessary to achieve critical mass catering to the catchment area. In the case of mixed-use developments, the various segments should complement each other and work together. Also, attention must be paid in some cases to the ability of the site to offer future expansion.

**Circulation:** Appropriate circulation of all asset classes is important. Topography and shape of the site, with supporting infrastructure providing maximum space utilization is a preferred parameter.

**Study of the catchment:** The current and anticipated supply of retail space and the performance of these spaces should be evaluated. The demographics and consumption patterns are vital, as it is sales and consumption that will bring in the rentals. Most other costs such as construction and land are controllable and mostly fixed.

**Accessibility & Approach:** Transport connectivity by personal vehicles, public transport and service vehicles is vital and good accessibility between the physical catchment and its potential residential population is desirable. Visibility from approaching roadways and proximity to a good road network are important.





Sandton City, Johannesburg

*Mixed use properties has been an urban phenomenon for more than a decade internationally and has reached a rather mature level of designing. In India the concept has been in prominence since last 5-8 years and is still at a nascent stage.*

**Facilities provided by a developer:** Parking, conveniences and other comforts play a major role in attracting consumers. A successful mixed-use design need not be large. An appropriately designed smaller project in the right catchment which is tenanted adequately can also be successful.

## Challenges with mixed use designs

While mixed use developments are poised to grow given the right mix in terms of location, accessibility, visibility, market potential, right size and topography. However, there are also some formidable challenges that it faces. Mixed design is the current “buzz word” but doesn’t ensure automatic success. One of the most insidious problems is the tendency to blindly follow the latest trends and fads, without tailoring them to the needs of a unique situation. Similarly, problematic is proposing something without really understanding how it’s supposed to work and how the market and economics work for the project. What worked before elsewhere may or may not work in a different location?

Planning obligations of the authorities should be flexible enough to ensure that economic cycles arising from mixed use developments are not missed. Failure to do so can result in vacant/ non-leased premises. Another challenge

is ownership and management control. There needs to be an effective balance between the two to achieve harmonious results. The following various challenges, obstacles or barriers affecting mixed-use development must be considered.

- Lack of planning, management and assembling of land parcels as per the compact nature of the project
- Maneuvering through zoning regulations
- Addressing environmental issues and creating pedestrian-friendly environment
- Inadequate engagement of planning agencies, community,

multiple development teams and owners

- Addressing transportation issues and designing parking- without disturbing other components of the design
- Inadequate capital planning and managing of a sequenced roll-out of project parts

Project delivery process of mixed-use is not the same as any “conventional” single-use project and is quite complex. Successful implementation of mixed-use projects require a carefully assembled development team of multiple contractors and professional advisors, effective interfacing of their skills and contractual responsibilities.

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