







*Interior view of the Vessel — the centerpiece of New York City's Hudson Yards mixed-use development. The Vessel is comprised of 154 intricately interconnecting flights of stairs — almost 2,500 individual steps — and 80 landings. It's intended to offer the public a multitude of ways to engage with New York, Hudson Yards and each other.*

PHOTO: COURTESY OF RELATED-OXFORD

# Mad About Mixed-Use

MIXED-USE DEVELOPMENTS ARE A NEW TAKE ON AN AGE-OLD IDEA BY MATT ALDERTON

In New York City, dreams really do come true. Not only for aspiring actors, chefs, models and musicians, but also for ambitious real estate developers. Since at least 1956, they've been angling to develop Hudson Yards, a blighted area on the West Side of Manhattan whose location on the banks of the Hudson River makes it the ideal canvas for a real estate renaissance.

For more than half a century, developers tried to replace the rusty rail yards, for which Hudson Yards was known, with shiny new skyscrapers. And for more than half a century, they failed. Their fortunes finally changed, however, in 2005, when the city rezoned Hudson Yards and created the Hudson Yards Special District. Seven years later, in 2012, ground broke on the largest private development in U.S. history. Scheduled for completion in 2024, the \$15-billion, 26-acre Hudson Yards project will comprise 20 million square feet of offices, apartments and retail outlets, much of which will be built atop two "platforms" constructed over the existing rail yards. The

result: a brand-new neighborhood that will include more than 100 new shops and restaurants, approximately 5,000 new residences, 14 acres of public open space, a 750-seat public school, a 200-room "fitness hotel" and a six-story cultural center.

"Hudson Yards will be the new heart of New York City," said Stephen Ross, Founder and Chairman of developer Related Companies, at the project's groundbreaking.

Although Hudson Yards is special, it's not unique. In cities and suburbs across the country, similar developments are popping up like plants sprouting in spring. They're so prevalent, in fact, that PRSM



*Mixed-use spaces like the Office Depot Workonomy Hub in Los Gatos, California, offer multiple services within a single, pedestrianized footprint.*

included them in its “2019 Trends Report” as one of the top retail trends impacting retail facilities management in 2019. Known as “mixed-use” developments, they amalgamate diverse

and disparate real estate types — for example, residential, office and retail — within a single, pedestrianized footprint.

“It comes down to the notion of integration,” said Jerry Hoffman, CEO of Hoffman Strategy Group, a boutique, national real estate advisory firm. “These are manufactured communities, but over time they become really authentic places where people live, work and play.”

For the people who occupy them, the product of mixed-use developments isn’t just new real estate, Hoffman explained; it’s a new lifestyle. For that reason, mixed-use developments often are called “lifestyle centers.”

“There has been a fundamental shift in consumer lifestyles that has been occurring for some time in the United States,” Hoffman continued. “Instead of the purely transactional relationship provided by malls and shopping centers, the most recent generation of consumers prefers a more unique, curated mix of merchandise in a more vibrant urban setting.”

Hoffman hypothesized numerous drivers of this shift. One is e-commerce. Because consumers can transact so easily online, he said, they’re demanding more experiential environments offline.

Another driver is demographics. The largest generations in the United States are the baby boomers and the millennials. Because the former are aging, they are less mobile and want to live in accessible communities with more amenities and less upkeep. The latter, meanwhile, are eschewing cars and embracing the environment, both of which explain their interest in self-contained communities that are simultaneously convenient and sustainable. This is especially true in suburban markets that previously lacked them, like Alpharetta, Georgia, home to Avalon, an 86-acre mixed-use community that includes

more than 500,000 square feet of retail, a 12-screen movie theater, a full-service hotel, Class A office, single-family residences and luxury rental homes.

“Mixed-use developments are creating urban villages in suburban markets,” Hoffman observed, who said mixed-use has permanently altered the retail landscape in numerous important ways — both downtown and in the suburbs. Consider, for example, the evolution of retail anchors.

“The retail component of mixed-use centers is going to look a lot different than the retail we’re used to in malls and shopping centers,” Hoffman said. “Instead of department stores, you’re going to have new anchors that could include a health center or a boutique hotel, for example, with a mix of entertainment and food — a movie theater, a food hall or chef-driven restaurants.”

Retailers also can expect the mixed-use philosophy to migrate inside their stores in the form of multi-use retail. In 2016, for instance, Barnes & Noble introduced Barnes & Noble Kitchen, which is part restaurant and part bookstore. And in 2018, Office Depot introduced Workonomy Hub, an in-store coworking space for remote workers.

It’s all very innovative — but it isn’t necessarily new. Just look at the agoras of ancient Greece. “An agora was an open-air market where people lived and worked and shopped,” Hoffman concluded. “Mixed-use is a new development, but it’s based on some pretty ancient design templates.” ●