

Activating Public Spaces in Real Estate Related Projects

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If you think about the best office buildings, shopping malls and hotels you've ever visited, the thing that made them great, was probably something that had nothing to do with their primary use. For example, if you've ever visited Park View Green in Beijing, a project that has a shopping mall, office towers and a hotel, the thing you are most likely to remember is the outlandish art, in the mall or in the entrance areas of the office tower. That mall has a great brand and it isn't related to the retail options they offer, but rather how they have successfully used the other space. As owners compete to make their malls, office towers and hotels the most popular and the most profitable, they are starting to "activate" their public space. This practice has been common in areas outside of China, but is increasingly starting to happen here as well.

Why now?

One question that visiting property experts ask, is why hasn't this space been used or activated before in China and some of it has to do with how people behave. There was an office building that my company used to manage and I remember the very negative impression I had on my first visit when the office lobby was full of smoke from the drivers who congregated on the sofas in the lobby. At that stage, smoking inside of buildings was more socially acceptable, and so the only thing we could do was to remove all of the common area furniture so that our lobby would not be filled with smoke. Other times, landlords without larger visions just fill their lobbies with vending machines that produce a small rent for them, but generally don't enhance the image of the building. In some cases it is better to have nothing in the lobbies, a clean simple look, than something that detracts from the image of the place.

Office lobbies

The first place we often see property owners invest in public facilities is seating, green space and fountains in office lobbies. All of these things make the building more useable, create places to meet up with clients and colleagues and just generally make our working environment more enjoyable. Landlords increasingly work with coffee chains to create a mix of a small coffee kiosks and seating that is part customer focused, part public in office lobbies that would not traditionally be able to host a full coffee shop. This makes the building overall more convenient for the office workers and creates a place for quick meetings and interactions. Sometimes office landlords just create public seating and tables and trust that the public will use this space in a productive manner.

Shopping Malls

In addition to the obvious shop units that are leased to retailers, mall operators often fill the walkways with small kiosks that can be changed to suit the season and more importantly activate the large

walkways in the malls. Some sell sunglasses in the summer, holiday specific gifts to suit a specific season. Another thing that often helps brand these malls are the art installations in the atriums and lobby locations. These elements often don't generate any specific revenue, but do enhance the environment of the mall overall creating places people want to visit. These sorts of investments also help create differentiation since many mall's retail offer is quite similar to that of nearby malls. One challenge specific to China is that we hear of visitors in newly developing areas who sometimes come in to take advantage of the air conditioning and bring their own drinks and don't actually spend any money in the mall. This sometimes means that landlords reduce public seating. Shopping malls are very focused on getting the most revenue out of their space, but generally managers realize that public seating can be very beneficial to creating a relaxing location where people will linger and perhaps be encouraged to even shop a bit more. That means they sometimes allocate space that could be leased, to non-paid uses just to improve the environment.

Hotels

Hotels have the opposite challenge, they generally do a good job of activating their spaces with flowers, art and lobby tea shops and bars. They do however try to get creative about how to use the space left to increase revenue. In China since a major business for hotels is weddings, it is common to see small spaces in their lobbies leased out to wedding planners. Internationally, space in hotels is often leased to tailors, leather retailers, luxury brands such as watches and jewelry and airline companies or travel agents.

Airports

Airports are not areas that people generally considered traditional real estate assets, but many have done a good job of mixing shopping with other amenities and commercial landlords can learn from them. Some have areas for kids to play or large art installations and museums. Singapore's international airport is well known for its butterfly garden as well as its shopping. It's a good example that enhancing one use, improves the other.

Outlook

As China's property market develops and social practices evolve, landlords will be increasingly willing to invest in public infrastructure and facilities inside and around their properties that enhance the image, income and attractiveness of these properties. As long as we as users appreciate and respectfully use these facilities, landlords will continue to invest in those that enhance our experiences. Expect to be surprised with how many new spaces inside real estate projects are developed which had previously sat vacant to the benefit of all.

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