

Drivers & Perceptions of Mixed-use Development

The dominant drivers of mixed-use development are illustrated to the right. Unlike conventional single-use developments, mixed-use tends not to be driven by strong investor or occupier demand. Instead, mixed-use development is driven by a broad range of social, economic and political pressures.

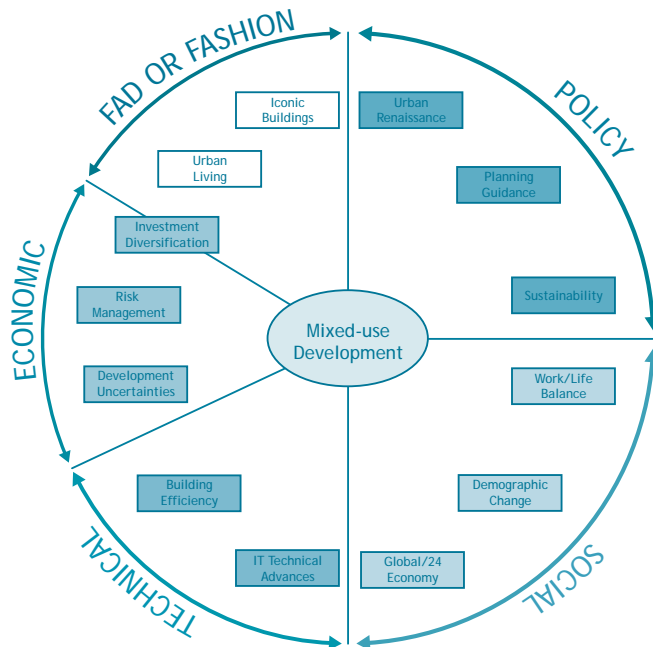


Figure 1: Drivers of mixed-use development (Source: Sheppard Robson 2004)

How is Mixed-Use perceived by the property industry?

The graph below shows the findings of research undertaken by British Council for Offices in 2004 into the attitudes of key players within the UK property industry.

Negativity towards mixed-use development focuses largely around performance in terms of both rents and total financial returns, when compared to single-use developments. Survey respondents were largely unconvinced about the performance benefits derived from mixed-use. However, it was widely accepted that the lack of statically robust track record of performance meant that such perceptions were often subjective rather than objective. Respondents also identified the intensive management regimes that necessarily underpin

mixed-use development as constituting a negative aspect of mixed-use development.

That said, the positive aspects of mixing uses have been consistently recognised by property investors and developers. Whilst some developers surveyed pragmatically acknowledged that mixed-use is required by planning authorities, and thus helps to gain consent, others recognised that that diversification of use enables the creation of a destination. This is of vital importance in reconfiguring existing markets, and making developments financially viable. Respondents also recognised, however, that the correct mix of uses cannot be prescribed given that mixed-use is a relative concept, structured by market conditions, location and local planning policy.

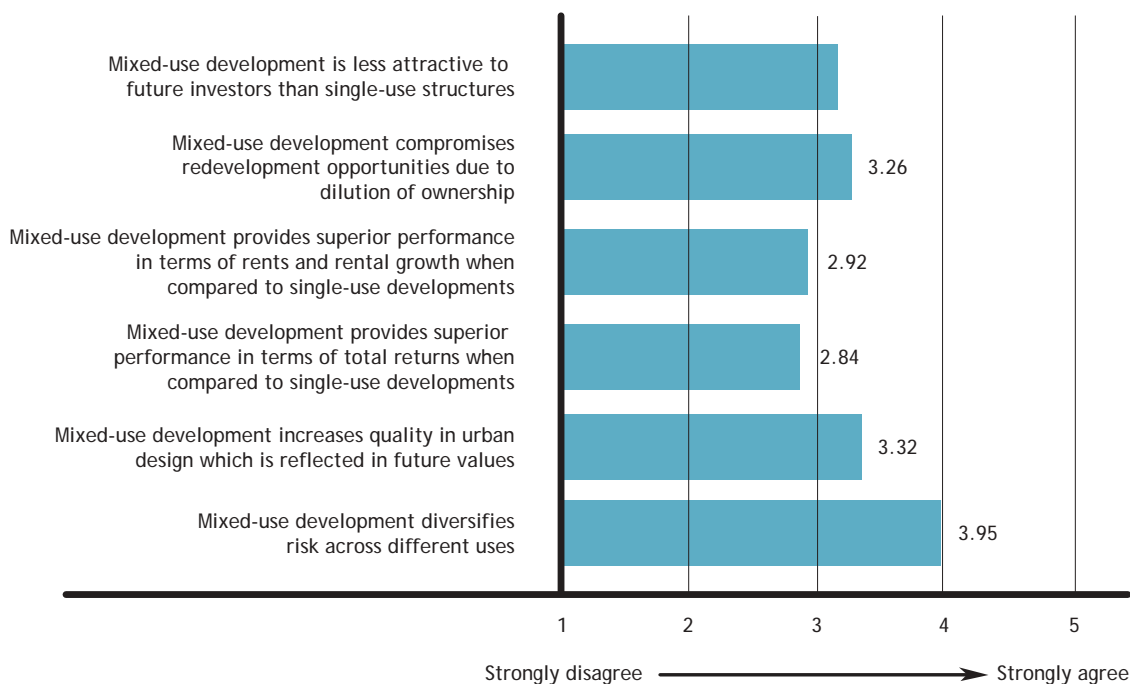


Figure 2: Attitudes towards the performance characteristics of mixed-use development (Source: Jones Lang LaSalle / BCO, 2004)