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- 7.8 per cent**
Toronto 3Q industrial
availability rate » CBRE
- 13 per cent**
London, Ont., 3Q industri-
al availability rate » CBRE

MIXED-USE DEVELOPMENT

Living above the store – the next generation

All-in-one projects with retail, residential and office components are attracting attention. But not everyone is onboard

BY FRANCES BULA VANCOUVER

Paul Buck has spectacular views of downtown Vancouver from the two glass walls of his condo, which wow everyone who walks in.

But what really impressed one of Mr. Buck's friends, in from a town near the Yukon border, is that he lives over a giant Home Depot.

"He was visiting from Dease Lake and he was beside himself that I was living right next to a hardware store," says Mr. Buck, the CFO at a biotechnology company that is a convenient two blocks from his condo.

Mr. Buck also lives over a major grocery store, a Winners, a sushi restaurant, a cell-phone shop, and a Starbucks, in a complex that has broken new barriers when it comes to an increasingly popular development trend: the mixed-used project.

The Rise is attracting attention and even awards from across North America for its combination of big-box stores on the bottom, with condos and townhouses clustered around an enclosed garden on the top.

But while the combination of uses is unusual, the underlying concept is not.

Cities are aiming to maximize their land use and build greener and denser. At the same time, certain developers have discovered the joy of multiple revenue streams as a niche market of tenants and buyers are drawn to hybrid life. Mixed-use projects have become not only more prevalent but are incorporating wider ranges of uses with each passing year.

In Vancouver, the Shaw Tower has divided a tower on the waterfront edge of the central business district with Triple A office space on the bottom and high-end condos on top. The city's Woodward's project near the Downtown Eastside combines condos, social housing, space for non-profits and city offices, a grocery store, a drug-store and Simon Fraser University's School for the Contemporary Arts, with its multitude of performance spaces.

On Georgia Street, the Shangri-La incorporates a hotel, restaurant, spa, sculpture gallery and condos. Near GM Place, Concord Pacific has four residential towers over a Costco outlet.

In Toronto, the Distillery Dis-



Designers of the Rise, a mixed-use development in Vancouver, had to come up with an underground loading area so residents wouldn't be annoyed by deliveries or garbage pickup. LAURA LEYSHON FOR THE GLOBE AND MAIL

Often developers dive into mixed-use projects when they know how to do only one part well – the offices, the condos or the retail – but they add on the others, thinking they'll be easy gravy. It turns out they aren't.

trict east of downtown has mixed 1,500 units of condos with art galleries, offices, restaurants, a theatre and space for non-profit operations. For the World on Yonge, currently being planned in Markham to the north, the drawing board at Liberty Development includes four residential towers, a large shopping complex with an interior plaza, and an office building. In Yorkville, Quadrangle Architects created a complex at 155 Cumberland that combines high-end retail, offices and expensive apartments.

Fans of mixed-use developments say this is a case of cities returning to the way they used to be.

"Zoning was very much a

post-war phenomenon when there was a move to separate different uses," says architect Les Klein, whose firm, Quadrangle, is also working on mixed-use projects in Ontario's Kitchener and Niagara-on-the-Lake. "What we're really trying to do is return to a mixed-use society, which also makes cities more green. It's planning catching up with reality."

But even enthusiasts such as Mr. Klein say that challenges come with building mixed-use projects. Often developers dive into them when they know how to do only one part well – the offices, the condos or the retail – but they add on the others, thinking they'll be easy gravy. It turns out they aren't. Some uses just don't work together, with restaurants being especially problematic because of their smells, waste and noise issues.

Or developers don't think about timing problems and they end up with different groups of users clashing as one tries to leave while the other is arriving.

What does work best is when developers create multiple uses that appeal to a similar demographic.

Both Matthew Rosenblatt at Cityscape Developments,

which is part owner of the Distillery District, and Marco Filice at Liberty say they aim to create complexes where each part – shopping, office or residential – draws people from the same general niche.

"We market to the same demographic generally," Mr. Rosenblatt said. So the offices, condos and shops at the Distillery District work together to attract people who like an urban, arty environment.

"We wouldn't entertain the idea of having a nightclub there with 18-year-olds lining up," says his partner, David Jackson.

Mr. Filice said his company aims to create a critical mass of residents who are interested in the kind of retail or office services integrated in the complex. For that reason, he structures his projects so that two-thirds of the space goes to residential, one-third to retail and office.

"It's basically a life-cycle approach – we have a captive audience for them." It's not that different, he thinks, from the area he grew up in near St. Clair and Bathurst, where people lived over shops on the ground floor and doctors' offices on the second floor.

In spite of that, many Torontonians, such as Mr. Klein and

Mr. Jackson, are skeptical about Vancouver's radical experiments in putting people on top of giant stores.

"The jury is very much out on the idea of residential on top of big box, like we're seeing in Vancouver," Mr. Klein says.

But Vancouver's planning director, Brent Toderian, said he believes the Rise is a wonderful new example of mixed use. It's one that the city went out of its way to encourage.

The developers of the Rise say it's proven to be a good experiment for their company. "We had to take a bit of a leap of faith," says James Patillo, senior vice-president of Grosvenor Americas.

It wasn't the easiest project. The banks don't always understand mixed-use projects, he acknowledged. And the designers had to come up with an internal loading system for the building underground, so that residents wouldn't be annoyed by constant deliveries or garbage pickup.

Now, he says, they're achieving good rents – about \$2.25 a square foot, comparable with anything in the area – and they have very low turnover.

"Some might say they don't like the retail below, but I think the acceptance grows

THE CHALLENGES OF MIXED USE

SOME PROJECTS WORK BETTER WITH SEPARATION

"There is a sense among condo owners that there are strangers in their territory if they aren't separated from the offices users," says Les Klein, Quadrangle Architects.

SOME PROJECTS WORK BETTER WITHOUT MUCH SEPARATION

"When you separate your users too much, you lose the opportunity for the synergies. Residents want to be in the mix they bought into," says David Jackson, Cityscape Developments.

SOME COMBINATIONS JUST DON'T WORK NO MATTER WHAT

"Most pure office-type tenants would not want to be in a building with cooking smells, a lot of traffic or after-hours groups," says Rob Armstrong, managing director, Avison Young Toronto.

THEY'RE NOT FOR EVERY DEVELOPER

"You don't see a lot of mixed-use projects because most companies are capitalized to do their single-purpose specialty," says Matthew Rosenblatt, Cityscape Developments.

YOU MIGHT NEED A PARTNER

"Most developers specialize in one area and then they add the other component. But you can end up with something – retail or office or condos – that feels like it's left over if you don't work with a partner who knows that area," says Mr. Klein. » Frances Bula

and grows," Mr. Patillo said. "We've made a strategic shift to retail and residential. We think it's here to stay."

Mr. Buck agrees. He doesn't care about the retail below except that it's handy for him. He shops at all of the stores in his building. What matters most is that he lives across the street from his work, he's a block from the subway line to the airport, and it's a cool space.

Living over the store isn't so bad.

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