

Texas ICSC Recap

Trends & Evolution of Mixed-Use Developments



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For this year's Texas International Council of Shopping Centers (ICSC) Conference and Deal Making show in November, I had the pleasure of speaking with four of the state's most active developers. Our topics ranged from discussing the trends of mixed-use to its evolution and where it may be headed.

We were privileged to have with us Mark Bulmash, Senior Vice President of Development for The Howard Hughes Corporation; Walt Mountford, Executive Vice President of KDC; Paris Rutherford. Paris is Principal of Catalyst Urban Development and Bill Burton, Executive Vice President at Hillwood Properties, Hillwood Urban.

The discussion hinged on how nearly every new development we now see is either truly a mixed-use development (live, work, play) or purports to call itself one. While there may be more of these types of developments around and under construction these days than ever before, they are also even more necessary today for consumers than they ever have been.

In an urban environment, traditionally it was easy to get around from your home to your office and the stores and restaurants where you and your family needed to go. In the past, these started downtown at the city center and grew out from there. So truly, the "mixed-use" projects have not appeared. They have just evolved.

Now with the sprawl of cities, that convenience becomes less and less-well-convenient. As density increased in these urban environments, housing scarcity became evident and prices rose dramatically. Families ventured out to the suburbs in order to find less expensive housing. And this cycle will inevitably continue.



What has become interesting is twofold. One, with the millennials moving from the urban environment out to the suburbs, they are still seeking out their experiential desires and are now looking to the developers to include those experiences and opportunities close to their new homes - with, what I would call, the "urbanization of the suburbs". Again, not new. Just more prevalent.

Secondly, we have seen the regional malls and regional shopping hubs contract. They are being replaced with small, more localized areas of gathering and interest. This keeps many people in a local geographic area - more so than ever before. So, these new developments must have gathering places and entertainment areas to attract other residents, shoppers and diners to them.

And renters in multifamily developments are almost demanding the convenience of retail and restaurants within walking distance. The single-family owners, too, love the convenience of having fun and interesting places to go that are not far from their houses. No longer does disposable income have to head downtown or uptown to find a fix of fun.

The interesting thought is what may happen in the future. Ride sharing services will change the way developers think about their developments. And while it may not be on the horizon now, will our newer developments be able to shrink the concrete in favor of more green or open spaces? And with self-driving cars seemingly on the eventual horizon, will there be a need for a parking structure at all?

The reality is that we don't really know what time will bring for development, but we do all know it evolves and it is incumbent on developers to provide what their customers want in order to compete. And while it may not be crystal clear about where development takes us in 15 or 20 years, we are clear that technology will continue to expand our thoughts of what developments can be. ■