

How Cultural Venues Can Elevate Mixed-Use Developments

These spaces provide the prestige — and foot traffic — that can help boost property values.

■ By Daniel Ordower

As with many other industries, the COVID-19 pandemic functioned as a catalyst in the performing arts venue construction business. It accelerated pre-existing trends and changes, not just in health and safety, but also in how venues are used, their purpose and location, and the community's needs.

One compelling pre-pandemic trend was a shift away from municipalities investing in large performing arts venues as a means of revitalizing central cores and toward the idea of private developers including small arts centers in community-based mixed-use developments. Accessibility to the arts can be crucial for the creation of vital urban centers, and developers and small-arts organizations have come together in a symbiotic relationship to great success. Americans for the Arts' 2017 report on the connection between the arts and economic prosperity found

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that even before the pandemic, more than 65% of attendees of arts events lived within the local ZIP code area.

The Concept in Action

In the past decade, projects with a cultural component have opened. Crosstown Concourse in Memphis transformed an abandoned 14-story, 1.5 million-square-foot former Sears distribution center into a vertical mixed-use development that features a contemporary arts center.

Including a cultural amenity in a new development can have a positive impact on the economic health of the surrounding neighborhood as well as increased value of residential and commercial units.

For example, the U.S. Census Bureau categorized the immediate area around Crosstown Concourse as a “severely distressed neighborhood” before it was redeveloped by a non-profit organization. A year after opening in 2017, the reinvigorated building achieved 96% occupancy — 99% residential, 97% commercial and 85% retail — and was a Gold Medalist in the Rudy Bruner Awards for Urban Excellence.

According to the case study for the awards, “less than two years after its completion, Crosstown Concourse ... has fostered a modest uptick in neighboring commercial investment, and residential property values have increased significantly in the surrounding community. One neighborhood resident cited an almost 20% increase in values since 2015.”

Similarly, when describing a faster increase in home values closer to Wis-

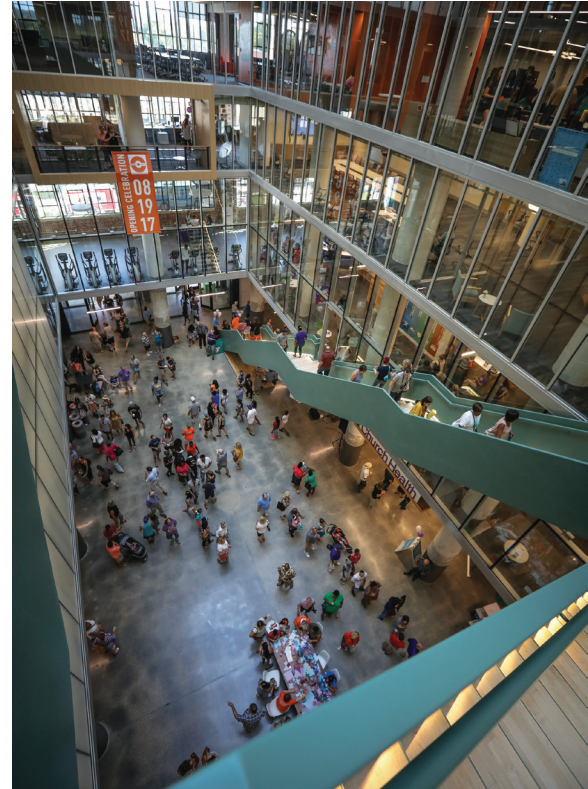


Photo by Jamie Harmon

Crosstown Concourse in Memphis turned a former Sears distribution center into a vertical mixed-use development that features a contemporary arts center.

consin's Kenosha Public Museum than in surrounding areas, a 2010 study on the impact of culture by the Center for Creative Community Development concluded that “cultural organizations make the community a more attractive place to live, and as a result people who are seeking a residence to buy or to rent will have an increased willingness-to-pay for accommodation in the community.”

Performance venues should be viewed as amenity spaces whose contribution to a development are measured through the vibrancy, vitality and sustainability of the development, not by their ability to generate rent. For tenants and residents of developments with a cultural component, these spaces bring energy, desirability and foot traffic. Fully programmed performance venues are often booked five to six nights a week, and cultural attendees tend to arrive early and spend money at nearby restaurants or shops.

According to the Americans for the Arts' AEP5 report, each member of an arts audience spends, on average, \$31.47 at local businesses per event, not including the cost of admission. A 2019 report by the Initiative for a Competitive Inner City suggests that restaurants, bars and shops tend to cluster around and are often anchored by cultural amenities. Mixed-use developers can leverage this phenomenon by creating cultural districts that generate revenue directly for their projects.

Additionally, politicians, activists and community members find a new arts venue more palatable than another big-box store, so developments with cultural amenities may have an easier time gaining city approvals. Since New York City pioneered incentive zoning in the mid-20th century, many municipalities have encouraged cultural amenity development in new projects through a combination of relaxed zoning rules and tax abatements. Land-use agencies also are usually receptive to developers who are responsive to the needs of the local community.

The pandemic demonstrated that cultural venues have uses beyond performances and can serve a vital purpose in times of crisis. Multi-purpose venues built with adjustable

and retractable seating, adjustable acoustics, highly networked technology infrastructure and inherently efficient crowd control can easily pivot to non-cultural uses if needed. They can be repurposed as manufacturing centers, shelters, polling places and vaccination centers.

While cultural amenities have been included in developments for years, the pandemic highlighted that communities can and will support more hyperlocal cultural venues. One of

the most striking trends of pandemic living has been people reconnecting with their local communities. While central city cores emptied out, and the chain restaurants and large centralized cultural venues went dormant, people rediscovered restaurants and grocers close to their homes.

Along those lines, there is a growing market for intimate venues near where people live. And as more companies announce flexible or part-time office hours, workers may want to spend

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A Look Ahead

more time in their local neighborhoods. Developers and operators who can provide entertainment alongside dining options will reap the benefits of increased rents through greater desirability.

The performance organizations that are natural fits for small, local performance venues generally do not have the name recognition, fundraising capability, or administrative structure to properly develop and run a purpose-built venue. But their inclusion in multi-use developments will bring them increased exposure through their proximity to other tenants, both commercial and residential.

Additionally, if a venue is considered a development-wide amenity and the

rent or maintenance is subsidized by the developer, small arts organizations can spend more time and money on their artmaking. The benefits can include better art, cheaper tickets for audiences, more inclusive programming, and, in turn, a stronger brand and reputation — for the arts organization and the developer.

Getting Started

So, how can developers connect with arts organizations to begin the conversation about building, using and leasing these hyperlocal venues?

First, create a local or regional inventory of existing arts and culture resources, with a particular focus on community-based organizations with no permanent home. Then, developers

and landlords can consider partnering with an organization that fits the development's vision and goals. There are many operational options for developers to select from, depending on their risk tolerance and desire to contribute to the venue's arts programming.

If the developer doesn't want to operate the venue, there are many artistic programmers who are willing to plan and book events. If developers want control over and input in running events, they can invest in a small office staff and a qualified executive.

Another appealing option may have a resident arts organization occupy the space. While the facility costs and physical plant are the owner's responsibility, the resident company would create interesting content to bring in audiences and keep the venue active year-round.

It may even make sense to partner with several local arts organizations to share the facilities and coordinate their work to offer varied and diverse programming. Their performances can be supplemented by touring performers and private events to raise additional revenue.

As noted earlier, technologies and techniques have advanced in recent years to such a degree that a single venue can comfortably host numerous types of performance from live theatre to concerts and film screenings. These flexible spaces are now common — and not just in traditional performing arts environments. They're inside retail facilities, corporate spaces, museums, hotels and more.

Developers who offer a wide mix of entertainment near where the audience lives can drive revenue for their investors and tenants and create a strong sense of community. ■

Daniel Ordower is the general manager of Theatre Projects.



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