BLOG

Research Roundup: Placemaking + Real Estate Value

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At Wordsearch Place, we champion the fact that great places attract more people, and more people equates to greater profit. Our projects demonstrate that our process and intervention can add upwards 20% to the value of real estate projects.

How? We've seen that clear, differentiated Place Visions, executed with confidence, can embed value in projects by:

• reducing the amount of time and money spent in design development, planning and public consultation,
• increasing the effectiveness of communications and sales strategies,
• fast tracking approvals,
• reducing long-term letting risk, and
• capturing embedded value in higher rates, greater footfall and faster sales,

… all while creating places that people love.

But don't just take our word for it! Here, we're highlighting three pieces of research that are part of a growing body of evidence which support the link between placemaking and real estate value uplift.

Placemaking and Value, RICS

Headline: Placemaking adds commercial value to large residential-led masterplanned developments – between 5% and 50% uplift, compared to the existing local area.

Key findings on placemaking and value

> Although attention to placemaking achieved greater premiums in areas with existing higher embedded value, it was also effective in lower-value areas – suggesting there are opportunities to create aspirational developments in a range of markets.
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> The most successful placemaking schemes achieved the greatest uplift on relatively small homes – suggesting a buyer openness to compromising on private space in neighbourhoods with high-quality shared amenities / community infrastructure.
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> For developments with long delivery periods, retaining flexibility in the master plan allows for tailoring future phases to meet demand – maximizing sales and achieving optimum values.

> Where commercial and community facilities are lacking, delivering these as early as possible sets a positive tone for the scheme – as we at Wordsearch Place always say, you live and die by your first phase.

Get their report here.

Placemaking: Value and the Public Realm, CBRE + Gehl

Headline: Good public realm interventions improve both human wellbeing and real estate values, and support long-term value resilience.

Key findings on placemaking and value

> Changing perception of a place through a public space intervention can dramatically improve value, by attracting new tenants. For example, Seoul transformed a former highway overpass into Chenoggyechean River Park; this has corresponded with a 33% increase in neighbouring non-residential values, and an increase in the district's worker numbers.
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> Significant public space interventions can create new destinations, overhauling and sustaining demand and value in surrounding areas. For example, homes adjacent to New York's High Line Park have not only outpaced the wider neighbourhood in value, but they also continued to appreciate while Manhattan's luxury-tier housing market saw a small depreciation.
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> In new developments, the before-and-after effects of public space interventions can't be measured in the same way as existing places, but the study presented anecdotal evidence suggesting that high-quality public space helps developments outperform the market in terms of vacancy and values – for example, citing the residential values and retail quality at London's Kings Cross.

Get their report here.

CBRE and Gehl researchers studied 11 projects, including London's Kings Cross (pictured).

The Value of Placemaking, Savills

Headline: Early spending in infrastructure, local amenities and public spaces creates better, more successful places – and could raise land values by 25%.

Key findings on placemaking and value

> Their model suggests that the sooner the investment in place, the sooner the uplift in values. Making the majority of investment at 40% build out corresponded with a 26% relative reduction in land values compared to investing up front – simply put, investing later decreases the potential for higher sales values.