



ULI
Entertainment
Development
Council Meeting
April 18, 2019

NextGen Entertainment Districts: Future- Proofing Your Bricks & Mortar Project

Overview

- Background
- Brief History of the Entertainment District
- Design for the Local, not for the Visitor
- The New Consumer
- Questions

Hunden Partners - Areas of Expertise

Master Placemaking

Physical Programming

Market Feasibility

Financial Feasibility

Funding Options/Public Incentives

Economic & Fiscal Impact Analysis

Developer RFQ/P Processes

Partnership Options

Business Plans



HSP... Host, Stay, Play



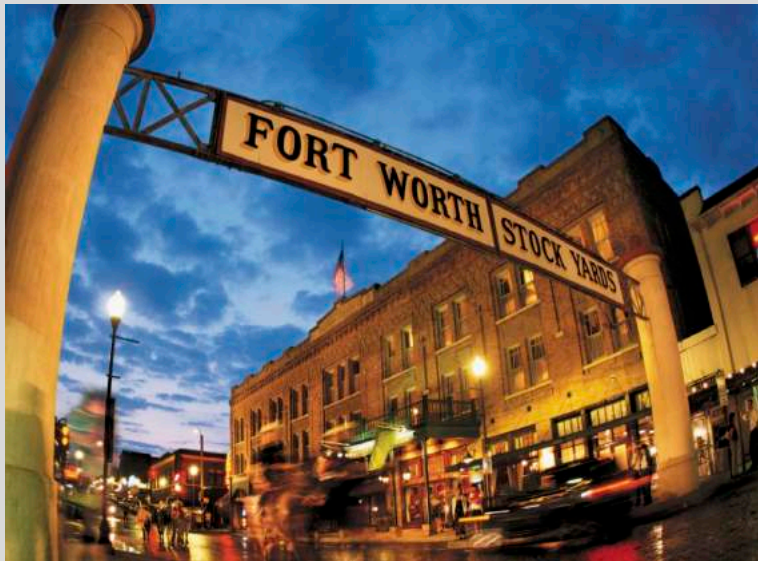
Chicago



Phoenix



San Juan



Fort Worth



Kentucky



Madison

hunden
strategic partners
 professional experience



Entertainment Districts: A Brief Recent History



1968 - 1978

Suburban Malls and Movie Theaters

- Mass exodus from downtowns
- Suburban boom
- Malls and movie theaters become the major shopping, social, entertainment areas



1978 - 1988

Festival Marketplaces and Convention Centers

"Silver Bullets" for downtowns did not pan out, but helped host events and provide a place before/after for safety conscious suburbanites. Nearly every city build one of each.

Still not much actually happening downtowns, but suburbanites desire a reason to go. Heavily subsidized. Only busy once in awhile.



1988 - 1998

Downtown Malls

If we can only create the suburban mall experience downtown, the suburbanites will come!

Safety, parking still major concerns. Malls faced inward.

Heavily subsidized.



1998 - 2008

Downtown Arenas & Entertainment Districts

Most of the suburban sports teams moved to new arenas downtowns from 1995 – 2005.

Entertainment Districts, like those from Cordish opened from 2002 – 2008. Heavily subsidized.

The idea of non-chain, entertainment-oriented districts takes off. But still require events to keep them busy. Residents begin to start moving downtown.

iPhone
June 29, 2007
"Apple reinvents the phone."



Thickness
11.6 mm

Weight
135 g (4.8 oz)

Display
3.5"

Storage
4, 8, 16 GB

Camera
2.0 MP

Memory
128 MB

Multitouch

Proximity sensor

Ambient light sensor

Accelerometer

~300,000 sold in first weekend

2007-2008

BOOM

The iPhone
Changes
Consumer
Behavior



2008 - 2018

Urban Renaissance: Cure or Curse?

Massive urban migration brings new life to downtowns and districts. New districts designed near sports arenas and now also in the burbs! Gotta keep 'em home!

BUT

New younger residents eschew corporate/mass market districts seemingly designed for tourists and stick to their cool 'hoods. Sigh. Entertainment districts still challenged!



2018 - 2028

Gig Economy and Reality Shift Migration

More people have more choices of where to live if they have the skills. Millennials begin to suburbanize due to schools. Downtowns and second-home areas remain attractive for town/country living for those who can afford it. Work where you want to travel. Otherwise move out and hope your suburb is cool.

Exurban and resort areas begin working on entertainment districts. Downtowns, developers scratching their heads to remain relevant.

NOW WHAT?!

Design for local, not for the visitor

The challenge with instant districts or new attractions is they do not often feel organic and locals know they are "created" to be attractions, even if they are filled with great concepts and cutting edge ideas.

Once the novelty effect wears off for the locals, these districts depend on tourists and conventioners to stay busy. But soon, especially with social media, visitors learn that locals do not hang out there, which turns visitors off as well.



Design for local, not for the visitor

However, when a district is organic and evolves over time, or features continuously changing local or pop-up shops/restaurants, as well as local music/art/culture events, then they keep locals interested.

That local interest then translates into visitor interest.

Districts need local and visitor elements to truly score as a successful district.



The New Consumer

The New Consumer

The New Consumer of today is different than any generation before them. The unique needs and desires creates an interesting opportunity in the creation of entertainment districts. What's important:

- Social Media is King
- Efficiency and Immediacy
- Authenticity and Transparency
- Casual Lifestyle
- One-World Concept
- Value of Experiences
- Soullessness of Sameness
- Visual Appeal
- Community
- Multiple Music Genres
- Lifestyle Options
- Environment/Animals
- Travel
- Vehicles/Biking
- Big Ticket Items
- Currency
- Adventure with Food
- Cooking vs. Take-out
- Fonts and Design
- No Loyalty to Big Corporations
- Charitable Companies
- Gaming and On-Demand Streaming
- Esports
- Work Smarter Not Harder
- Pop-Ups
- Online Perks
- Efficient Urban Living
- Authentic Process/Product
- Television and Movies
- Geeking Out and Hi-Tech
- Thrills and Experience
- Fitness
- Team Sports
- Dating



Social Media Is King

The new consumer sees social media as a way to create their own personal brand and social value. All information is constantly updated. Younger generations also prefer real-time social media platforms such as Instagram and Snapchat, while older generations still use Facebook and email. Any new entertainment facility must have ample Wi-Fi and charging stations.

IMPLICATIONS FOR REAL ESTATE

Use it to promote events, authenticity, videos. Be aware that it can also ruin you, but don't let that take your edge away.



Efficiency and Immediacy of Time and Effort

We live in a world of instant access. Videos, information, and coupon deals all come in the blink of an eye through smartphones and internet. The new consumer does not like to wait. If they are forced to wait, the outcome better be worth the delay.

IMPLICATIONS FOR REAL ESTATE

Experiences should be available without long lines, advance planning. Pop-up experiences should be part of the plan!



Authenticity and Transparency

The new consumer demands authenticity and transparency, especially with government, business corporations and authority. Big corporations and politicians are seen with skepticism. They prefer local start-up businesses with accountability to their product and the community they serve.

IMPLICATIONS FOR REAL ESTATE

Pop-up shops and authentic vendors bringing new and different experiences, products and food/drink. Cannot assume a 5-7 year lease will work.



Casual Lifestyle

The new consumer has no need for, and does not understand, formality and formal attire. They are completely casual and live their lives that way. They reject office cubicles, office politics and dressing up, even for dates.

IMPLICATIONS FOR REAL ESTATE

High-end tenants/experiences are high on the list of desired places, but the reality is people end up mostly wanting to be casual, have casual experiences and spend a modest amount of money. But it still must feel unique.



One-World Concept

The new consumer experiences and believes in a "one-world" concept through their online communities. This plays out in a greater acceptance of the many differences of culture, religion and foods that have traditionally separated others.

IMPLICATIONS FOR REAL ESTATE

Celebrating your locality is more popular than ever, but not in an us vs. them way. Promote your local culture and be mindful of the diversity of visitors and experiences.

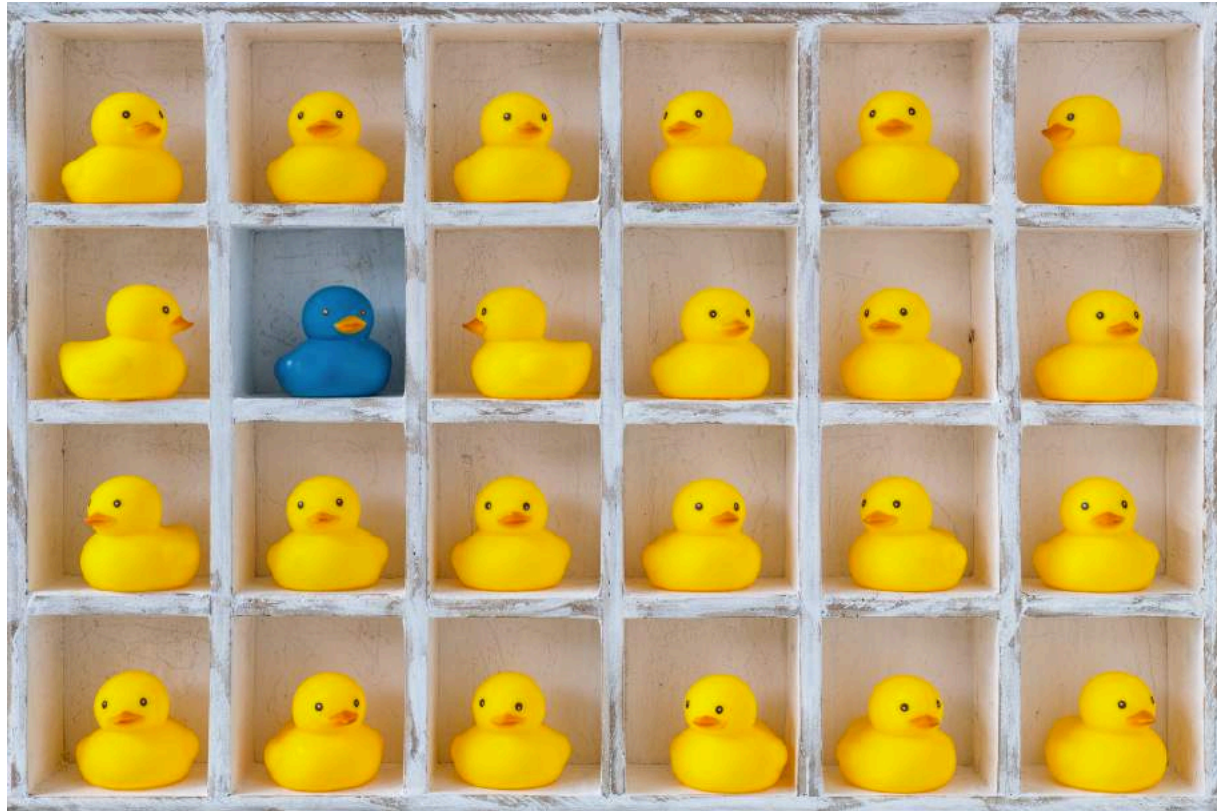


Priority on Experiences

The new consumer places a priority on the value of experiences more than material goods. They would rather spend money on a Coachella concert than invest hundreds into a new suit. Luxury items such as expensive jewelry or investing in a suit for a job, therefore, are decreasing in popularity.

IMPLICATIONS FOR REAL ESTATE

Standard in-line retail and chain restaurants are passé. Careful about investing in anchor-experiences like Top Golf. While experiential, these will fade as all other experiences do. Experiences must be constantly re-imagined within a space. Plan for it.



Soullessness of Sameness

The new consumer is aware of, and adamantly against, the soullessness of sameness. Be it strip-malls, office cubicle settings, or chain restaurants, they value individualistic and creative space and events.

IMPLICATIONS FOR REAL ESTATE

Day to day, today's crowd still purchases sameness. But for going out, touring, etc., they crave something new and different. And that expectation is constant. The Half-Life of concepts is shorter than ever.



Visual Appeal

The new consumer prefers to live-in-the-moment and values visually dynamic apps, art (including body art) and exciting architecture with no boundaries. If a picture is said to be worth a thousand words, then pictures shared through social media are worth many dollars in traditional advertising.

IMPLICATIONS FOR REAL ESTATE

The ability to present constantly changing and engaging graphics (video or light) is critical and allows the experience to change constantly. Times Square mini-version, but interactive, everywhere. An iPhone is more interesting, constantly, so that is the competition for time/attention.



Digital Community

Community is not limited by geography for the new consumer. Their social value is defined by their online presence which they carefully cultivate. It is the new status symbol. The Instagramming of themselves at a place or event is the new version of wearing elite brand-name clothing, and popularity is decided by the number of “likes” and feedback comments online.

IMPLICATIONS FOR REAL ESTATE

Employing people of different age groups to upload content and pull in visitors from these groups via social media is key. Not just young people, but older as well!



Multiple Music Genres

With the advent of Spotify and Pandora, the new consumer has access to diverse genres and various eras of music, including independent artists. Now all are accessible with equal footing. Music festivals with a variety of acts are offered across the country, and the event is seen more as an experience. With the music scene being so widely dispersed and divergent, it is more difficult to book live music acts that appeal to a mass audience.

IMPLICATIONS FOR REAL ESTATE

Entertainment is probably the most important way to keep a district relevant. Bricks and mortar are hard to change, but entertainment changes constantly and is expected constantly. More is better!



Lifestyle Options

The new consumer does not care about being told by print magazines and media what to wear, where to travel and what to eat or watch. They will choose for themselves, and will approve if a style looks good in selfies. Fashion is much more open to authentic personal tastes. Individualism is “in” and everyone counts.

IMPLICATIONS FOR REAL ESTATE

Pop-up experiences that allow you to do body paint, create a product, create art, tag a wall, whatever, help keep people engaged.



Environment/Animals

The new consumer is aware of the consequences of lifestyle on the environment. They are conscious of repurpose and re-use. Animals and pets are also important to the new consumer and they value pet-friendly places.

IMPLICATIONS FOR REAL ESTATE

Allowing pets onsite and promoting pet-friendly events is a huge expectation and draw these days. It can also help with daytime periods when activity is often slower. Alternative food events (non-meat, etc.) are also attractive.



Travel

The new consumer prefers unusual, quirky and authentic experiences over lavish vacations. They are interested in history, special events or attractions, and authentic cultures, foods, arts and architecture. Timely, event-driven travel is a new trend as well.

IMPLICATIONS FOR REAL ESTATE

Again, creating pop-up experiences, lectures, events, theater ... all help keep the real estate as a central civic ground for all types of activity. At the end of the day, your real estate should be the town square for many types of experiences.

Vehicles/Biking

The new consumer is not as dependent on vehicles as previous generations have been. They are interested in public transportation, biking and ride-sharing. Bike trails and free bike/scooter docking facilities are increasing in popularity with communities across the United States.

IMPLICATIONS FOR REAL ESTATE

Creating rideshare drop-off/pick-up areas, offering bicycles for rent, promoting numerous ways to be mobile are beneficial.





Adventure with Food

Dining is an “experience” for the new consumer. Food trucks and food halls offer non-formal, constantly changing food selection and eating experiences. They also honor healthy and organic foods that can accommodate restrictive diets. Processed foods from large multi-national corporations are no longer preferred.

IMPLICATIONS FOR REAL ESTATE

Food trucks or spots for food trucks can lessen the amount of bricks and mortar real estate that needs to be developed and can offer developers and operators to ramp up/down the amount of vendors operating based on crowd size.



Food Halls

Food halls such as Keg and Case in St. Paul, Minnesota and R House in Baltimore, Maryland are gaining popularity across the country. They are essentially the new version of a mall food court and well suited to the tastes of today's twenty- and thirty- somethings. According to recent research, from 2010 to 2017 there has been a roughly 700% increase in the number of food halls in the United States.



ONE DOES NOT SIMPLY



EXPLAIN WHAT A MEME IS

Fonts and Design

The new consumer loves cool fonts and impressive design images. This allows them to express their individuality and creativity. Memes, emojis, and .gifs are popular and places that show an adeptness to using their language achieve positive street credit.

IMPLICATIONS FOR REAL ESTATE

Who knows, but I loved this meme.



No Loyalty to Big Corporations

The new consumer has very little loyalty to big corporations. They are savvy to marketing techniques and have no remorse in looking for the best deal and quality.

IMPLICATIONS FOR REAL ESTATE

While day to day shopping and dining is often at chains, any travel or special occasions often want to be at non-chain options or places with non-mass produced items.



Charitable Giving

The new consumer likes to do business with companies that give part of their proceeds back to the community or donate to a good cause. They like the idea of knowing that for anything they purchase, someone else benefits.

IMPLICATIONS FOR REAL ESTATE

Advertising/Posting on Social media that 10% of proceeds from a specific day will go to a cause that people care about (and is non-controversial) can help boost affection by consumers to your district or project. Another option is to provide cause-related events a free or low-cost place to host their events and bring their cause-base.



Esports

The popularity of Esports is growing and arenas and theaters offer a perfect location to host such events. These events are heavy with technology and dramatic lighting and create a social experience for attendees.

IMPLICATIONS FOR REAL ESTATE

Having Esports events can pull in crowds and yet is still something that should be explored for how it will impact an entertainment district. For a venue, it's key, as are phone chargers.



Esports Arenas

It is estimated that over 380 million fans take in professional video gaming events from their homes each year. Esports revenue is expected to reach \$1.3 billion by 2020. One example, The International 2017, drew an audience of five million viewers and had a total purse of \$24.6 million. Arenas can be converted from cinemas or other large underutilized spaces. The latest in technology is a key issue in their development. The \$10 million Arlington (TX) Esports Stadium is the first dedicated such arena with the latest in immersive technology, lighting, and broadcasting.

But will it be able to support real estate?



Pop-Ups

The new consumer enjoys pop-up stores, events and sales. The experience and “potential scarcity” of the goods that may be at these events feeds into the desire to be part of the experience. They have a real FOMO (fear of missing out) and don’t want to miss any opportunity.

IMPLICATIONS FOR REAL ESTATE

Pop ups are becoming more and more important as a real estate use, especially in entertainment and tourist districts.



Online Perks/VIP Land

Perks from online deals are popular with the new consumer. Destinations need to feature a balance of making everyone feel welcome, but also find a way to allow for special exclusivity (VIP membership sections).

IMPLICATIONS FOR REAL ESTATE

People love feeling special and unique, just as they seek out unique experiences. However, it cannot be so exclusive that it is perceived as keeping others totally out. The VIP areas and perks of today should be very social and not hide you away from other people. But they should reduce lines, provide early access to products or similar.



Small, Efficient, Urban Living

The new consumer has fewer possessions because most of what they need is accessible online and delivered the next day. Therefore, tiny houses and apartments are the rage. Their living quarters are more about affordability, physical accessibility, convenience and ease. They like to have quick access to retail that offers daily provisions, and prefer to shop online for durable goods. They do not require homes near most other retail, and only shop at those stores if they can't wait for Amazon to ship it to them.

IMPLICATIONS FOR REAL ESTATE

Smaller portions at restaurants, smaller packaging and products. These may influence tenants, but maybe not real estate as much.



Authentic Process/Product

People of all ages are seeking out authentic processes and products from unique processes. The Kentucky Bourbon Trail and Craft Trail distilleries are great examples. Even within this tourism explosion, a certain segment seeks out non-corporate, single-batch bourbons and related products. Of the items sold in gift shops, 80% is unique product, while 20% is everything else.

IMPLICATIONS FOR REAL ESTATE

The whole experience, landscaping, music and lighting, not to mention tenants, cannot feel corporate or mass produced. People will pay more for the "inefficient" experience, process or product.



Television and Movies

The new consumer has little patience for long drawn-out dramas in movies, however, engaging documentaries are popular due to availability on Netflix. Binge-watching Netflix, Hulu and YouTube on demand is the preferred way to watch television on any platform, and always without commercials. Anything less is like dialing a rotary telephone.

IMPLICATIONS FOR REAL ESTATE

Group “watching” events in entertainment districts with on-demand content can help draw a crowd so they can socialize with those who share their passion for a movie, show or event.



Hi-Tech and Geeking Out

“Geeking out” and hi-tech has become popular with the new consumer. Younger generations like fantasy, super-hero, and/or thought-provoking science-fiction films. CGI-heavy productions offer non-stop action, big visuals and popular characters. Events such as GenCon and ComicCon allow them to dress and act as characters.

IMPLICATIONS FOR REAL ESTATE

Hosting cult events for these groups can help districts stay relevant. The ability to use signage and video to brand a district for a certain type of event can help transform it.



Thrills and Experience

While the new consumer is happy to live through a computer screen most of the time, they desire thrilling, all encompassing experiences when in public places. Escape rooms and maker-spaces are part of that trend towards creative and/or interactive physical experiences.

IMPLICATIONS FOR REAL ESTATE

These spaces are often places where people want to see/hear what is going on, but the people inside do not want to be bothered. Allowing for one-way viewing/sound proofing so that these can be on display could be a solution and experience.



Fitness

Special obstacle courses such as American Ninja or The Titan Games are popular with the new consumer. The trend in fitness is moving away from pumping iron and instead toward a balanced form of fitness that includes walking and hiking, individual sports like rock wall climbing and other things that involve scenery and public gathering spots along the way.

IMPLICATIONS FOR REAL ESTATE

Yoga in the district has replaced mall walkers of the past. Districts should be designed to entice exercise of all kinds to keep the district on the regular route for this demographic.



Dating

Dating is done almost exclusively online and safety is a major concern. Public spaces such as entertainment districts can offer safe places to meet. At night, clubs and bars are popular but the new consumer averages a club visit only once per month or so. Low or no cover charge is the trend because rather than meeting people to date at clubs, they are seen as places to meet up after initial contact online, and because they don't carry cash.

IMPLICATIONS FOR REAL ESTATE

Safety, security (visible) and well-lighted spaces are key.

Examples of New or Innovative Developments



BOHO Market

Located in Bogota, Columbia, the BOHO Market is popular with tourists and residents alike.

- 43,000 square feet
- 1st and 2nd floors are upscale organic market
- Food Hall on 3rd and 4th Floors
- 5th floor roof garden





BOHO Expo

- 12,000 square feet
- 100% Colombian artisan retail products
- 133 total stalls offers a new flexible and changing array of retail to keep locals interested (received 5,000 applications)
- Very small pop-up shop spaces (about 8'x5')





Oxbow Market

Located in the Oxbow District of Napa, Oxbow Public Market has become a food and gathering place for residents and visitors throughout the Napa Valley.

- 40,000 square feet
- Scenic outdoor deck with seating along the Napa River
- Local food vendors, artisan cafes and organic produce outlet for local farms
- First 3 years were slow and had to reassess the tenant mix, add promotions
- Popular as a stopping point between San Francisco and the heart of Wine Country



Orlando Downtown

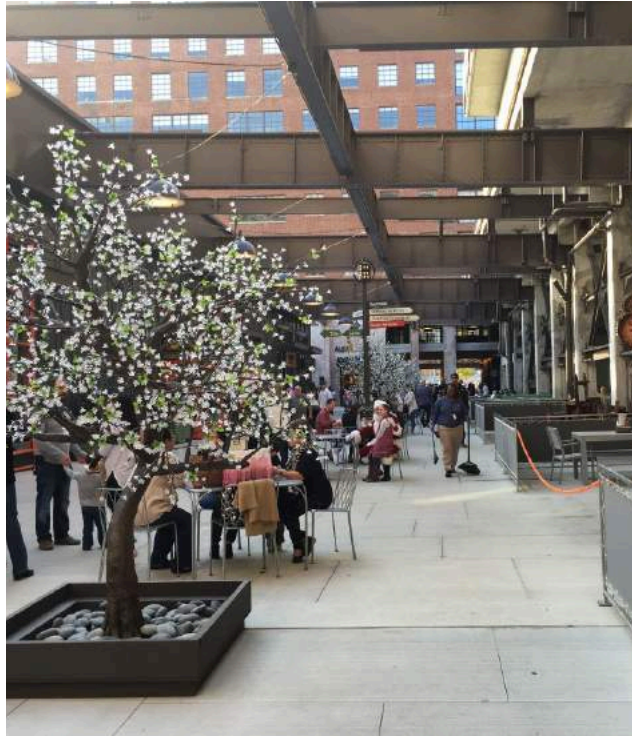
The Orlando Magic entertainment complex is planned to begin construction in 2019 and is the culmination of ten years of planning. Its design is modern with no link to local history or culture.

Planning for Uber, Lyft and driverless cars with ample docking space appropriated for that.

- 8.4 acres and three event plazas
- 250-room luxury hotel
- 300-unit high-end residential tower
- 80,000 square feet of event space
- 100,000 square feet of retail space
- 200,000 square feet of office space that will be the Orlando Magic's new headquarters.

Its location may challenge it when events are not occurring, especially as Orlando's downtown residential base is relatively limited. The district will need to include many "sticky" elements discussed throughout to stay busy and relevant.





Ponce City Market

Located in Atlanta on the BeltLine recreation trail and opened in 2014, Ponce City Market is housed in the fully renovated Sears, Roebuck & Company building. The rooftop Skyline Park area offers panoramic views, a bar, an upscale club, and is a major attraction by itself. Event space, bike valet and showers for cyclists are available.

- Cost \$250 million
 - 259 apartments
 - 330,000 square feet of retail
 - 500,000 square feet of office
- Rental Rates: \$1,595 - \$3,500+ per month (some affordable housing also available)

Rob Hunden
President and CEO
Hunden Strategic Partners
213 W. Institute Place, Suite 707
Chicago, Illinois 60610
312.643.2500 (O)
312.933.3637 (C)
www.hundenpartners.com
rhunden@hundenpartners.com

Thank you