

ULI Case Studies

Life Hub @ Daning



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Life Hub @ Daning is a retail-anchored mixed-use project that includes office, hotel, cultural, and entertainment uses.

PROJECT SUMMARY

Life Hub @ Daning is a large-scale, retail-anchored mixed-use project in the Daning neighborhood of Zhabei District, Shanghai, China. The site was acquired in September 2003, and construction started in October 2004. The retail and office portions were completed in June 2006, and the hotel in October 2006. The retail and office buildings opened for business in October 2006, and the hotel opened in April 2007. With total gross floor area (GFA) of about 250,000 square meters (2.7 million sq ft), of which 200,000 square meters are above ground and 50,000 square meters are below ground, the project is arguably the most successful retail-anchored mixed-use development in the northern part of Shanghai. It has transformed Daning and its surrounding areas in Zhabei District, long considered a low-income and underdeveloped neighborhood with limited retail and entertainment amenities, into a vibrant community. With full occupancy for its retail component and consistently high occupancy for its office and hotel components, the project is highly successful both operationally and financially. The project won the prestigious National Award for Model Community and the Cityscape Asia Real Estate Award for Best Developer in 2008.

Life Hub @ Daning is a retail-anchored mixed-use project located in a historically low-income residential neighborhood of Daning in Zhabei District, Shanghai, about ten kilometers (6.2 mi) north of People's Square, which is generally

considered the center of the city. It is the first completed project by Chongbang Group, a Shanghai-based real estate development group formed in 2003 and led by a team of experienced industry veterans. Construction of

QUICK FACTS

Location

Daning Neighborhood, Zhabei District, Shanghai, China

Project type

Mixed-use—three uses or more

Site size

55,000 square meters (592,000 sq ft)

Land uses

Retail, restaurants, entertainment, education, office, hotel, open space, parking

Keywords/special features

Urban infill, revitalization, transit-oriented development, pedestrian-friendly design, green roof, healthy place features, retail-anchored mixed use

Websites

www.daningedaning.com
en.daningedaning.com

Project address

No. 1868-2008 Gonghexin Road
Zhabei District
Shanghai, China 200072

Developer

Shanghai Forrester (Zhabei) Development Ltd.
(subsidiary of Chongbang Group)

Project manager

Chongbang (Shanghai) Management
Consultancy Ltd. (subsidiary of Chongbang
Group)
Shanghai, China

Architect

RTKL Architectural Design Consulting (Shanghai)
Co. Ltd.
www.rtkl.com/offices/shanghai-china/

Local design institute

Shanghai Institute of Architectural Design &
Research Co. Ltd.

Main contractor

Shanghai No. 4 Construction Co. Ltd.

Supervisory consultant

Shanghai Jiaohao Engineering Consultation
Co. Ltd.

Quantity surveyors

Shanghai First Surveying Ltd.

ULI Videos

www.youtube.com/ULITV



The site plan. The project consists of 15 buildings for office, hotel, and retail uses and 11 outdoor piazzas.

Life Hub @ Daning began in October 2004. The retail and office buildings were completed in June 2006, and the hotel building was completed in October 2006.

The project consists of 15 buildings, 11 outdoor piazzas, and two kilometers (1.2 mi) of pedestrian promenades for three primary uses: retail (including food, beverage, and entertainment), office, and hotel. In contrast to the majority of developers at the time, Chongbang decided to retain all the retail space instead of selling it by strata title units, believing that maintaining full control of the retail component was critical to the overall success of the project. The four office towers with a total GFA of about 38,000 square meters (409,000 sq ft) were sold en bloc to a consortium of foreign investors around the time of completion. The project has developed into one of the most popular retail and entertainment venues in the city, attracting more than 60,000 visitors per day on weekdays and more than 100,000 per day on weekends. The project exemplifies how a well-planned and executed urban infill project can transform an entire neighborhood.

The Development Team

Life Hub @ Daning is directly owned by Shanghai Forrester (Zhabei) Development Ltd., a subsidiary of the Chongbang Group from Hong Kong. The Chongbang Group, founded in 2003 by a consortium of Hong Kong and Singaporean investors, focuses on the investment and development of retail-anchored mixed-use projects in China. Chongbang's management team consists of seasoned property development professionals who have developed and managed a number of highly successful projects in Shanghai and have worked together for more than a decade prior to the establishment of the group. Chongbang has since embarked on five more retail-anchored mixed-use development projects in and around Shanghai. One of these projects, Life Hub @ Jinqiao, located in the Jinqiao area of Pudong, Shanghai, won the ULI Global Award for Excellence in 2012.

The Site

Life Hub @ Daning is located at the junction of Daning Road and Gonghexin Road in the Zhabei District, one of the central districts in Shanghai's Puxi (west of Huangpu River). Over Gonghexin Road is the south-north elevated freeway that



Life Hub @ Daning is located at the junction of Daning Road and Gonghexin Road in the Zhabei District of central Shanghai.

serves as the central axis of city. The site is located between two stations of the city's Metro Line No. 1. In addition, numerous bus lines come directly to or close to the project. In the immediate vicinity of the site are the Shanghai University, the No. 10 Municipal Hospital, and the popular Shanghai Circus World.

Prior to the completion of Life Hub @ Daning, the Daning area was largely a low-middle-income residential neighborhood. But in recent years, the area has evolved into a middle-income neighborhood with a growing number of office buildings and retail facilities. Logistics and manufacturing are the main industries of Zhabai District.

The Idea and the Concept

The Zhabai District Government wanted the project to help transform the Daning area and improve the overall image of the district, much as Gubei and Hongqiao Commercial Areas did for Changning District. The developer set an ambitious goal to develop the project to become an important milestone of Shanghai's urban regeneration. At the time of project development, Shanghai's largest open-plan lifestyle retail project, Xintiandi, had only about 30,000 square meters (322,950 sq ft) of retail GFA, compared with about 105,000 square meters (1.13 million sq ft) at Life Hub @ Daning. Even to date, the project remains the largest open-plan retail mall north of Suzhou Creek in Puxi, Shanghai.

In terms of contents, the developer set out to create a "symphony of city living"—a place that offers a wide variety of modern urban living amenities for residents, workers, and visitors. And to articulate the design concept, the project's shopping and leisure environment was set in the human scale and spatial arrangement of a traditional Shanghai township, with contemporary architecture and building services.

The project is built on a greenfield site. When the project was conceived in late 2003, population growth in the area was imminent, but increased market demand was not apparent. The developer decided to integrate live, work, shop, leisure, and hospitality in a single project and to build it in a single phase, thus enabling the project to capture a broad market base and create a strong market presence from its inception.



An aerial rendering of the project from the northeast.



The central piazza at night. The central piazza serves as the main event area, and the smaller piazzas provide space for open dining and smaller events.

Development Process and Financing

At the time of the project's development, Shanghai was undergoing rapid changes. The fast-changing nature of China and in particular Shanghai was perhaps best described by the popular saying, "Changes every year and big changes every three years." When working on the positioning and the design of the project,

the development team articulated key changes in Shanghai in the previous two decades in a conceptual brochure titled "Big Changes."

Development concept. With a view to creating something different at the time, the development team decided to adopt an open-plan design instead of the prevalent indoor shopping mall format. However, the team quickly realized that

the design parameters set by the government for the site would not allow realization of its vision. For example, the maximum site coverage was merely 35 percent, and the minimum green coverage was set at 25 percent, including a 4,000-square-meter (43,100 sq ft) central green area. Through a series of discussions with the local government, the developer successfully modified many key design parameters, such as increasing the site coverage to 52 percent and eliminating the central green area. The final plot ratio was 3.68 versus 3.8, the maximum allowed by the government.

At the same time, the development team committed to completing the project by June 2006, less than two years from commencement of construction, in line with the government's wishes. This commitment led to the decision to build only one floor of basement, plus a separate nine-story above-ground parking structure with an additional 300 parking spaces, which was relatively unusual in Shanghai at the time.

Initial financing. The initial financing to acquire the site came from the developer's shareholders, led by the Edward Wong Group from Hong Kong.

Construction financing. The developer obtained a construction loan led by a foreign bank. Around the time of the project's completion, the developer sold the four office towers en bloc with combined GFA of about 38,000 square meters (409,000 sq ft) to a consortium of foreign investors. The buyer undertook to retain the office towers for a minimum of four years. The office towers are currently owned by an offshore affiliate of a leading Chinese financial institution. The proceeds from the sale of the office towers were used to finance the construction costs.

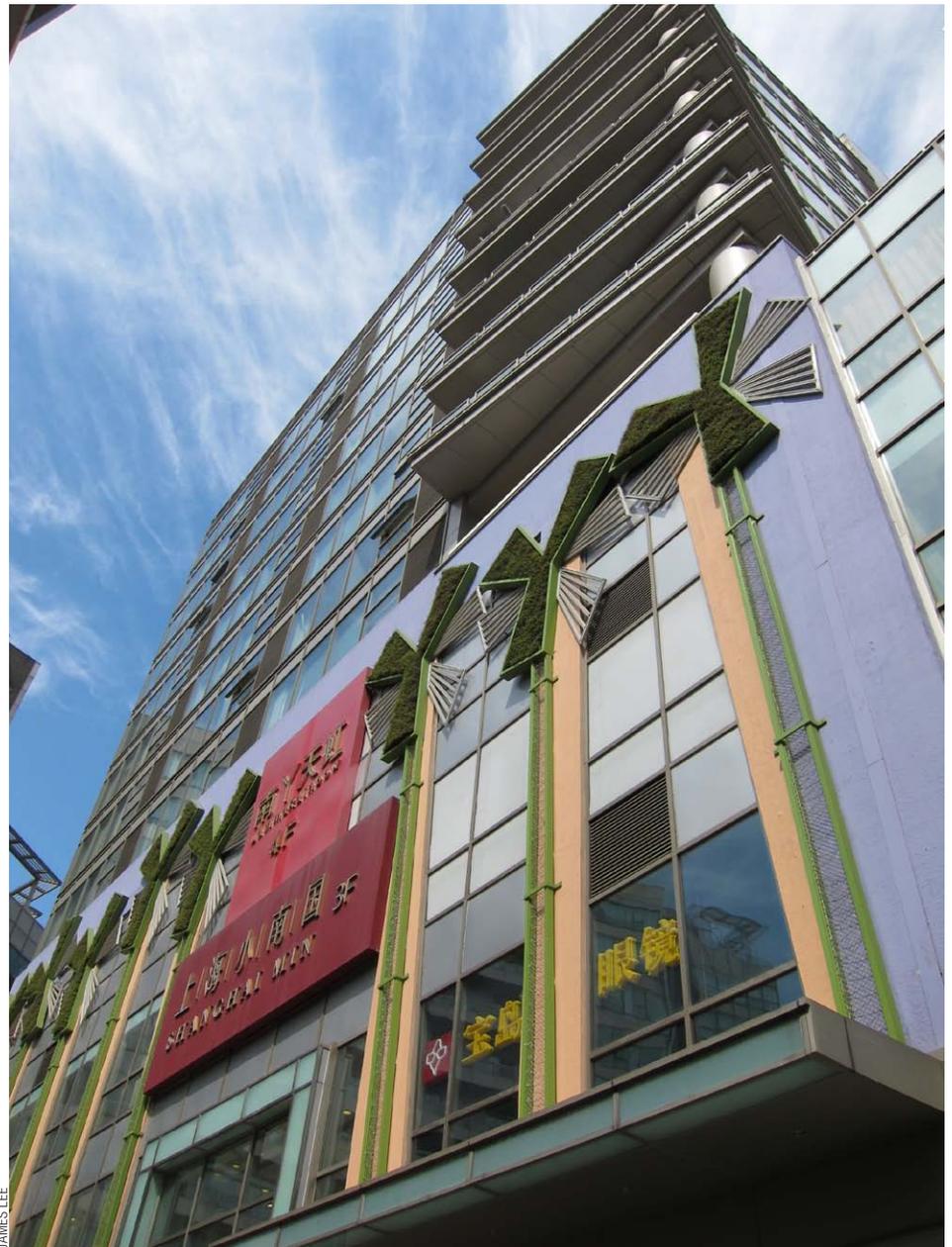
Performance. The project has been a success financially and operationally. The current gross yield on cost is about 15 percent for the retail and related components.

Development Program

The development program is a relatively balanced mix of retail, office, and hotel uses, with ancillary facilities such as parking, plant rooms, and property management offices.

Retail, food and beverage, and

entertainment. The 105,000 square meters (1.1 million sq ft) of retail space consists of a



One of four office buildings in the project.

hypermarket, flagship stores, boutiques, some 40 restaurants and various kinds of catering outlets, cinemas, and children's play and educational facilities, etc. The largest retail tenant is RT-Mart, which takes up about 20,000 square meters (215,000 sq ft) of GFA in the northwestern corner of the project. Other key retail tenants include a sporting goods store, Sport 100, with about 5,300 square meters (57,000 sq ft) of GFA, and C&A and Uniqlo with GFAs of 2,400 square meters (25,800 sq ft) and 1,250 square meters (13,500 sq ft), respectively. On top of Sport 100 is a six-screen cineplex with a total seating capacity of more than 1,000. In general,

coffee shops and fast-food outlets are located by key entrances and the main piazza while casual and fine-dining restaurants are located on the upper floors of low-rise buildings. In addition, the northwestern corner building where RT-Mart is located contains one floor of primarily restaurants and one floor of primarily children's facilities. The hotel also has two restaurants and a large banquet hall with adjacent function rooms.

Office. Originally, the developer expected the demand for offices to come mainly from local small and medium-sized enterprises rather than more established local and foreign companies,

given that the surrounding neighborhood was not an established office precinct. With no comparable office building in the vicinity, the developer decided to mitigate market risks by adopting a design plan that provides for a variety of property types. Two towers were designed with split air-conditioning units so that tenants can control the use of air conditioning on their own, and one tower was designed as small office/home office, with the individual units having their own kitchenette and bathroom. Only one tower was built as a conventional office building with a central air-conditioning system. To allow for strata sale of the individual units when necessary, the developer obtained strata (unit) titles for units as small as 100 square meters (1,100 sq ft) of GFA.

Hotel. Branded as Four Points by Sheraton at Daning, the hotel has 326 guest rooms plus a 300-seat ballroom, seven function or meeting rooms, a Chinese restaurant, a coffee shop, a music lounge, an indoor swimming pool, and a gymnasium. The hotel maintains an occupancy rate of over 72 percent. The second to fifth floors of the hotel building house commercial uses, such as a hypermart, restaurants, and children’s facilities. The seventh floor has a large banquet hall and function rooms that can hold 300 to 400 guests.

Parking. The project has more than 1,200 parking spaces, including 900 in the basement and 300 in a nine-story dedicated parking structure on the southwestern corner of the project—quite unusual at the time in Shanghai. The underground parking area covers about 75 percent of the project’s site area. The developer decided to build more parking spaces than legally required because it expected a growing demand for parking spaces in line with the increasing level of car ownership in Shanghai. Furthermore, the project was positioned as a destination lifestyle center with a large geographic coverage, creating a greater demand for parking spaces.

Planning and Design

The project adopts an open-plan concept with outdoor piazzas and pedestrian promenades—a leisurely environment intended to offer customers a welcome alternative to the hustle and bustle of downtown shopping and entertainment. The modern architectural style

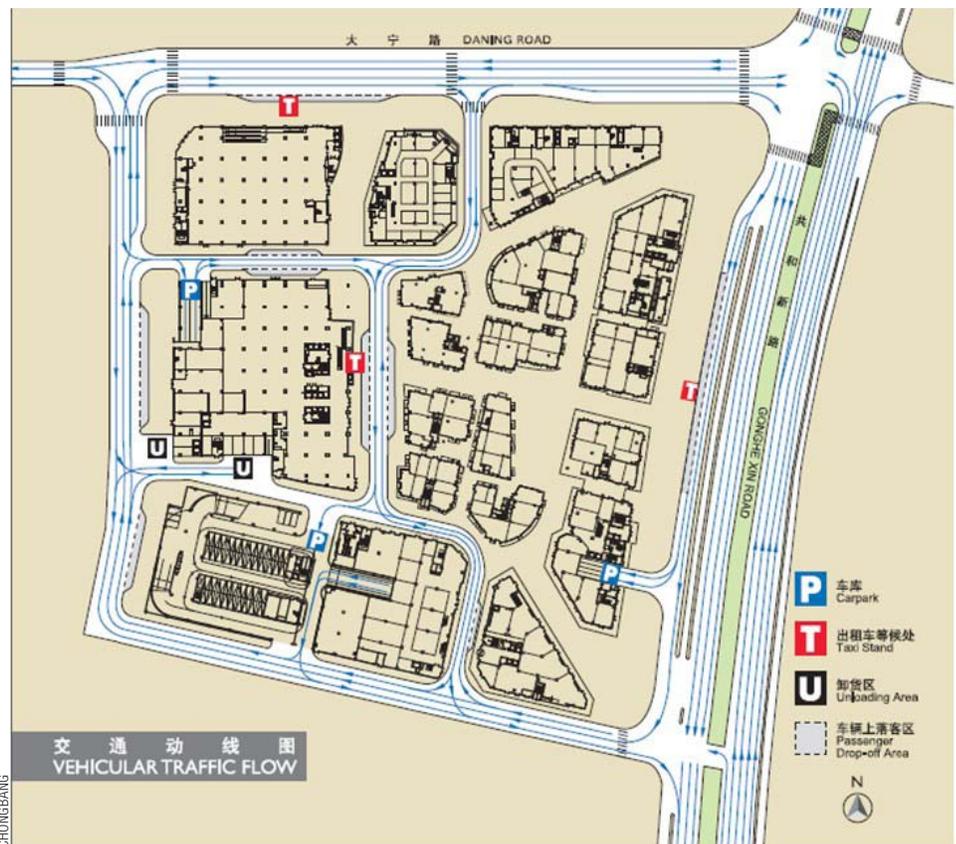
of its buildings, built and arranged in the scale and proportion of a traditional Shanghaiese commercial hub, offers customers a new and yet familiar cityscape and differentiates the project from competing facilities in the more mature commercial districts of Shanghai. Sufficient flexibility was provided in the project’s design to enable the project to cope with trade-mix changes in the course of time.

Rather than placing the key shops and restaurants along the adjacent streets, the developer placed the focus in the center of the project in a cluster of eight low-rise buildings of three to four floors. The central piazza of about 1,000 square meters (11,000 sq ft) was connected by pedestrian-friendly streets to all the key entrances. The central piazza serves as the main event area, and the smaller piazzas provide space for open dining and smaller events. Along the eastern and northern sides of the site are four office towers ranging from 11 to 16 floors and a hotel building with 21 floors. On the southern side of the site, the developer decided not to place a high-rise tower so that

the project would receive more sunshine and the summer breeze from the southeast.

Traffic and circulation. Besides the open-plan setting of the project, another major design decision was to widen the existing roads along the northern boundary and to build three new roads along the southern, eastern, and western boundaries of the project. In addition, the developer built a two-lane inner street within the project, providing direct vehicular access to the hotel’s main entrance. In all, about 12,000 square meters (129,000 sq ft) within the “red line” of the site (i.e., land paid for by the developer)—some 20 percent of the total site area—was used for widening and building roads.

Master planning and building design. The project was planned and designed to make the central piazza and the surrounding commercial facilities the focal point of the project. The tall buildings on the perimeter all have facades facing the central area. The small office/home office building has balconies that overlook the open piazza.



About 12,000 square meters (129,000 sq ft) within the “red line” of the site (i.e., land paid for by the developer)—some 20 percent of the total site area—was used for widening and building roads.



The project includes many high-rise buildings as well as lower-rise facades that face onto the piazzas to make them more pedestrian friendly.

According to the developer, one key design decision was the orientation of the hotel entrance. Originally, the developer considered placing the entrance on the main street on the west, which could have eliminated the need for an internal road. However, believing that integrating the hotel with the main central retail and food and beverage area was important, the developer decided to place the hotel entrance on the eastern side of the building, which necessitated such an internal road. Another key reason for the decision was the less-than-attractive residential complex directly west of the hotel.

Place making and community building.

Place making helps communities enhance their unique sense of place, promote healthy lifestyles, improve contact among diverse populations, encourage civic engagement, and boost civic pride. In short, place making is a powerful tool in community building. Life Hub @ Daning exemplifies all of these.

- **Uses and activities:** The hotel, commercial, and cultural venues jointly take up some 140,000 square meters (1.5 million sq ft), or 70 percent, of the total above-ground building area, offering a wide variety of facilities that attract customers day and night. Large expanses of glass storefronts on grade and on upper levels offer visual transparency and interest. Together with an



The hotel at night.

ongoing program of events both indoors and at the 11 outdoor piazzas, the project offers a unique proposition that befits its vision of being “a symphony of city living.”

- **Accessibility:** Daning is within easy walking distance of two subway stations on Metro Line No. 1; ample parking is provided for automobiles and bicycles.
- **Sociability:** Sidewalk cafés and alfresco dining provide numerous venues for socializing and people watching,



Daning offers a variety of things to do and see both day and night.

supplemented by the central piazza and other open spaces for events and activities.

- **Comfort and image:** Buildings around open space are set at a human scale to create a comfortable and well-proportioned environment, enhanced by trees, sculptures, parasols, and glass canopies.
- **Sustainability:** The developer has installed green roofs on the low-rise buildings, which helped improve the energy efficiency of these buildings as well as their aesthetics from the neighboring high-rise hotels and offices. “Green walls” adorn many building facades, providing insulation and enhancing the project’s ecological appeal. Energy-efficient outdoor lighting is used throughout the project.
- **Microclimate:** Trees and green facades help lower ambient temperatures in the summer through shading, evaporation, and reduced heat island effect. The massing of buildings at Daning takes advantage of the prevailing southeasterly wind to create a wind tunnel effect through the main piazza, thus reducing heat and humidity in the summer.
- **Walkability:** Another notable design feature is 2 kilometers (1.24 mi) of pedestrian promenades. The developer placed a strong emphasis on making the project conducive to walking by providing (a) ample and safe sidewalks along the roads surrounding the site



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Trees and green facades help reduce ambient temperatures during the summer.



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Sculpture and other public art appear in various locations throughout the project.

with minimal grade change; (b) shops with a high degree of transparency around piazzas and along streets; (c) open dining areas; (d) traffic-calming measures along the inner street, including speed bumps, multiple curves, planted barriers, and level pedestrian crossings; and (e) well-designed night lighting.

In addition, a key premise of walkability is interesting streetfronts. At Daning, building facades and streetscapes engage the visitor in a visual dialogue.

■ **Connectivity:** Buildings in the central core are connected to one another and to the piazzas by stairs and bridges. This offers visitors multiple pathways to explore the complex, maintaining an element of novelty that invites repeat visits.



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Dining features energy-efficient night lighting.

■ **Image:** It is a tribute to the designers that despite the project's density and diversity of visual imagery, of sights and sounds, people and activities, colors and lights, angular geometry and juxtaposed forms, it does not induce a case of sensory overload. Rather, the overall effect is an exhilarating gestalt of fun and festivity: hip, dynamic, exciting, and vibrant.

Project Marketing, Leasing, and Management

From the start of the project, the developer team consisted of experienced professionals in project and property management, marketing, sales, and leasing. Many of the core team members had worked with each other long before the founding of the development company.

The developer marketed the project with an emphasis on four aspects described by four Chinese characters: 多, 大, 新, 齐。

多 (pronounced "duo," meaning more): The project features eight major functions and more than 200 brands.

大 (pronounced "da," meaning big): The project was the biggest project of its kind in Shanghai when it was built.

新 (pronounced "xin," meaning new): The project, both in terms of its style and substance, was something new at the time.

齐 (pronounced "qi," meaning complete): The project aimed to provide a complete range

of city living facilities and amenities for its customers.

For the retail, this strategy resulted in a critical mass of trendy stores with a diversity of merchandise and brands that allowed Daning to attract a broad cross section of the population, especially the emerging middle class.

Retail leasing. The biggest challenge in securing commercial tenants was the lack of comparable properties in the city and the relatively downmarket image of the surrounding area. The developer overcame the initial difficulty through (a) offering more flexible leasing terms with a greater focus on attracting desirable brands; (b) emphasizing the fast-growing residential population nearby with limited shopping options; (c) emphasizing the district's economic growth prospects; and (d) capitalizing on a speedy construction process.

The presence of the hotel to be managed by a highly reputable international operator and four office buildings owned and managed by a reputable investor also contributed to building the confidence of targeted tenants.

The retail portion of the project opened with 75 percent of the space leased, and occupancy reached 90 percent within less than six months and full occupancy within one year of opening. In general, the retail leases run for three to four years, and food and beverage leases are five to six years. Shorter-term leases allow the developer to share in the tenants' success as their sales improve with project maturity. For



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Building facades are multifunctional, serving as backdrops, billboards, night lighting, and entertainment.



JAMES LEE

Bridges and stairs offer multiple pathways through the complex.

big retail tenants, the lease term is generally seven to eight years. For the hypermart and the cinema, the lease term is longer.

In the past few years, some of the retailers have been experiencing the impact of the growth in online shopping. As a result, some of the retail space has been converted to restaurants, entertainment, and other experience-oriented facilities, which are less affected by online commerce.

Culture and entertainment. Daning consistently promotes culture and the arts. The central piazza and other open spaces are frequently used for such purposes. A major highlight is the annual Daning Music Festival.

Entertainment is also provided frequently in the central piazza, the venue of hundreds of events per year, including open concerts and variety shows. Major entertainment facilities

include a six-screen cinema, an 80-room karaoke television (KTV) parlor, and a children's play and educational center.

Office leasing. The majority of office tenants are large domestic and foreign companies in the logistics, manufacturing, and service industries.

Hotel positioning. The hotel is targeted at domestic and overseas business travelers and foreign individual travelers, as well as conferences, meetings, and incentive groups. The composition of guests is roughly 40 percent foreigners; 30 percent visitors from Hong Kong, Macau, and Taiwan; and 30 percent from mainland China.

Marketing. The commercial portion of the project has been clearly positioned as a destination for Shanghai's young and fast-growing middle class through its merchandising mix, pricing, marketing, and promotions. A cutting-edge website was launched at the same time as the project. It has proved to be highly effective in enhancing interaction between the project and its target customers. A membership program with a reward system supplements tenants' promotional efforts and fosters customer loyalty. The membership card incorporates a bar code that allows members to access the latest information on the project via their cellular phones.

Property management. The developer has a highly organized and professional property management team. The project is kept clean and safe. In addition, the property management team maintains a close relationship with the tenants, is well informed of their business conditions, and provides necessary support and assistance.

Asset management. In a given year, the property management team organizes well over 500 large and small events in the project that help bring customers to the tenants. Shortly after the project's opening in 2006, the local economy was affected by the global financial crisis.

During the initial phase of the financial crisis, the project's management took a proactive approach to support tenants by offering rental incentives for successful tenants that have achieved certain levels of turnover growth.

Observations: Daning's "Ecosystem of Success"

Life Hub @ Daning helps anchor Zhabei District's urban regeneration plan. Together



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The project creates a community vibrancy that did not exist before.



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Events like this Tourism Festival parade enliven the atmosphere and make Daning an integral part of community life.

with other large-scale projects, the Daning area is in the process of building a critical mass of mixed-use developments in the heart of Zhabei District, forming a two-square-kilometer (0.7 sq mi) urban core. The new Daning Central Business District will catalyze the revitalization of Zhabei's central zone.

The success of Life Hub @ Daning is largely attributable to the strong development team guided by a clear vision for the project that is rooted in a deep understanding of the surrounding area and the changing nature of the consumers and the city. This vision unifies every aspect of the project—policy, physical, social, economic, team, and management—into a synergetic “ecosystem of success.”

For instance, the developer was able to build a strong rapport with the district government, which led to planning changes in support of the design vision. Economic positioning guided the project's mixed-use programming, while physical design and community events broadened the project's appeal. Financial strategies contribute to the long-term viability of developer and tenants, while proactive management facilitates smooth operation for tenants and customers alike.

Other success factors relate to the business model, planning and design, project

management, and place making as outlined below.

Business model. The business model for the project emphasized a visionary development strategy, mixed-use synergy, and ample equity financing.

- **Development strategy:** With a clear vision of the project's broader role in the economic revitalization of the district and an understanding of underlying demographic trends, the developer pursued a strategy that combined lifestyle design, savvy merchandising emphasizing popular culture, branding, high-tech, place making, community building, and commercial success.
- **Mixed-use synergy:** The mixed-use nature of the project significantly contributed to the success of its different parts. For example, the retail and food and beverage tenants benefited from the some 2,000 white-collar workers in the office towers and their guests, especially during the relatively slow morning and lunch hours on weekdays. In turn, the office buildings benefited from the convenience of having high-quality retail, food and beverage, and entertainment amenities, as well as a relatively high-end hotel with ample conference and banquet facilities.

■ **Ample equity financing and cash flow from the sale of noncore office towers:**

Sufficient long-term equity financing from shareholders allowed the developer to retain the retail component and to seek a suitable investor for the office component postconstruction, instead of selling the buildings on a strata basis during the construction phase. The sale of the four office towers, considered noncore, helped reduce the debt burden, allowing the developer to take a more patient approach to managing the core properties.

Planning and design. The creation of an attractive public realm, together with improvements to roads and adequate parking, was critical to the success of the project.

- **A villagelike setting with a large public space:** Rather than opting for a more typical boxlike mall structure with office and hotel towers on top, the developer chose a design that contained a combination of 15 low-rise and high-rise buildings with ample outdoor space for piazzas and streets in between. The large open piazza and pedestrian-friendly nature of the project have enabled the project to host public events and become an important community center.
- **Improved road access and sufficient parking spaces:** The developer

significantly improved car access to the project by enlarging the adjacent roads and building new roads on the four sides of the site. In addition, the developer built significantly more parking spaces than the legally required number, recognizing the growing car ownership and aiming to capture a wider market. The bicycle parking lots near key entrances and convenient bus stops also contribute significantly to reducing air pollution, fostering healthy activities, and making the place accessible to low-to-middle-income residents.

- **Open piazza and focus on the inner area of the project:** The developer decided to make the inner core of the project the main focus, instead of focusing along the perimeter streets. This decision led to various design decisions, including incorporation of an open piazza in the middle of the project that would serve as the main outdoor event area, use of low-rise buildings, and inward orientation of the tall buildings along the perimeter. The design and the active property management have enabled the project to become a major public space in the northern area of Shanghai.

Project delivery and management. While project delivery took a fast-track approach, property management at the Life Hub @ Daning adopted a long-term perspective to achieving project success.

- **Patient nurturing of the retail component:** Rather than looking to charge high rents, the developer focused on attracting the right mix of tenants and helping them succeed through offering reasonable lease terms. Also, by securing several key tenants such as RT-Mart and CGV Cinemas, as well as Starwood to manage the hotel, the developer helped build confidence among potential tenants.
- **Public events and community building:** Regular events and activities on an almost daily basis have helped the project become an important cultural and entertainment venue not only for nearby residents but also for residents in other parts of the city. Often, the developer partnered with tenants, brand owners, trade associations, and government agencies to hold events and activities, creating a sense of shared

commitment. These public events brought in new customers for the retail and food and beverage tenants and helped the project become a popular place for social gatherings.

- **Intensive property management:** The developer’s well-oiled property management team keeps the project clean and orderly—which is not always the case in many Chinese shopping centers. The team is also responsible for organizing hundreds of public events each year.

Lessons Learned

In retrospect, the developer thinks the following changes in the design of the project would have further improved it:

- **More parking spaces:** Although the developer built substantially more parking spaces than were legally required, even more should have been built. In busy evening hours, the project often faces a shortage of parking space.
- **Providing natural sunlight in the basement:** The underground parking structure covers about 50,000 square meters (538,000 sq ft), which is rather sizable for a basement. The developer believes that providing natural light to the basement parking would have reduced energy consumption and improved the ambience.

- **Higher specifications for the office towers:** The developer admits that it underestimated the volume of demand from multinational corporations for the project’s offices. Originally, the developer expected the vast majority of demand would come from small and medium enterprises, but in the end, demand has been strong from multinational corporations that normally require higher specifications.

Place Making, Urban Regeneration, and Commercial Success

Urban regeneration is a process that involves the physical, social, and economic revitalization of an area. The developer in this project proceeded with the understanding that urban regeneration starts with building strong communities; that community building starts with making vibrant places for people to live, work, learn, and play; and that place making is a complex process that requires an ecosystem approach to be successful.

As the developer has demonstrated in Life Hub @ Daning, when place making is done well, it can be good for the people, good for the city, and good for the bottom line.



JAMES LEE

DANING'S ECOSYSTEM OF SUCCESS

PROJECT INFORMATION

Development timeline

Site purchased	September 2003
Site possession	January 2004
Construction started	October 2004
Sales/leasing started	February 2005
Retail and office component completed	June 2006
Hotel completed	October 2006

Land use plan

	Site area (ha)	Percentage of site
Buildings	3.0	55%
Streets/surface parking	1.4	25%
Landscaping/open space	1.1	20%
Total	5.5	100%
Number of buildings	15	
Number of outdoor piazzas	11	

Gross building area

Use	Building area (sq m)	Percentage of site
Office	38,000	15.2%
Retail/commercial	105,000	44.0%
Hotel	35,000	12.0%
Above-ground parking	22,000	8.8%
Basement/underground parking	50,000	20.0%
Total GFA	250,000	100.0%

Parking information

Underground basement	900 spaces
Nine-story structure	300 spaces
Total	1,200 spaces

Hotel information

Number of guest rooms	326
Standard room size	28 sq m
Luxury room size	75 sq m
Range of room sizes	28–75 sq m
Number of floors	21
Occupancy rate (2012)	72.7%
Average daily room rate (2012)	RMB 667 per night

Office information

Gross building area	38,000 sq m
Number of buildings	4
Range of floors per building	11–16
Sold in 2006	
Currently owned by an affiliate of a leading Chinese financial institution	

Retail/commercial information

Gross building area	105,000 sq m
Number of stores	148
Occupancy rate	100%
Visitors per weekday	60,000
Visitors per weekend day	100,000
Current gross yield on cost	About 15%

Major retail tenants

RT-Mart	20,000 sq m
Sport 100	5,300 sq m
CGV Cinemas	4,000 sq m
SPA0 Fashions	3,500 sq m
Cartoony Children Center	3,000 sq m
Love KTV	2,500 sq m
C&A	2,400 sq m
Uniqlo	1,250 sq m
American Eagle Outfitters	700 sq m



About the Urban Land Institute

The mission of the Urban Land Institute is to provide leadership in the responsible use of land and in creating and sustaining thriving communities worldwide.

Established in 1936, the Institute today has more than 32,000 members, representing the entire spectrum of land use and development disciplines. Professionals represented include developers, builders, property owners, investors, architects, planners, public officials, real estate brokers, appraisers, attorneys, engineers, financiers, academics, and students.

ULI is committed to

- Bringing together leaders from across the fields of real estate and land use policy to exchange best practices and serve community needs;
- Fostering collaboration within and beyond ULI's membership through mentoring, dialogue, and problem solving;
- Exploring issues of urbanization, conservation, regeneration, land use, capital formation, and sustainable development;
- Advancing land use policies and design practices that respect the uniqueness of both the built and natural environment;
- Sharing knowledge through education, applied research, publishing, and electronic media; and
- Sustaining a diverse global network of local practice and advisory efforts that address current and future challenges.

Patrick L. Phillips, Chief Executive Officer

ULI CASE STUDIES

The ULI Case Studies program highlights and showcases innovative approaches and best practices in real estate and urban development. Each case study provides detailed information regarding the ideas, plans, process, performance, and lessons learned for the development project. Each also includes project facts, timelines, financial data, site plans, photos, location maps, and online videos.

www.uli.org/casestudies

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