

## **Why We Should All Care About How Our Projects Impact The Community**

*by Mark Stapp, executive director of the Master of Real Estate Development program, W. P. Carey School of Business, Arizona State University, August 2, 2012.*

While some of us, as developers, may be highly focused on the goals of everyday operation and eventual profit through efficiency and functionality, why should we also pay very close attention to the good planning and design of our real estate projects? Why should we be concerned how well our projects integrate into the larger community? And why should we care about the long-term impact of our projects on the community? The answer to all of these questions: While good design and community embeddedness may not be top of mind, this is really all about good business and smart decision-making.

It's important to remember that real estate is a physical, "location specific" object that impacts its environment. Every new development or re-development project changes the character of a place – some subtly and some profoundly. Real estate is a unique asset class that is not only aesthetic, but also functional, durable and of long-term value. In addition, the value changes over time and is based on, not just the building itself, but also the social and physical characteristics of the place within which it exists.

Because real estate, by its very nature, is fixed in place, it defines space – interior, as well as exterior. It also has a perceptive and psychological impact on users, making every piece of real estate unique and discrete, with certain characteristics that make it different from any other piece, even the one immediately adjacent. Each piece has a functional purpose and an impact on its geographic context, helping to define a place.

The space within the real estate also can be very individualistic, bear no relation to the place or the environs, and be unique or exactly the same as another. But it is the design of the exterior and its relation to the larger community that has the greatest long-term impact. These considerations make the planning and design of real property exceedingly important as a contributor to the quality of the overall area and the long-term value of the real estate. They have an immediate and profound business and economic impact.

A thoughtful approach to the community can reduce costs and increase revenues. A well-designed and planned, community-integrated project will be less contentious, requiring less time and expense to get approvals. It will likely yield more concessions and approval of requested variances and other entitlements from jurisdictions and increase the probability of moving forward. It may also receive positive press and community notoriety, making it a sought-after place. This can increase traffic to the project, as well as desirability for patrons and tenants. In a highly competitive and uncertain economic environment, a well-planned, well-designed and community-integrated project can be better positioned for marketing and will likely have better occupancy, increasing revenue.

In the end, even though real estate defines space individually and has value as a discrete asset, successive pieces can either increase or decrease its value and the value of adjacent real estate or even the entire area. Therefore, even developers and landowners who have only immediate, pecuniary self-interest and couldn't care less about the community should deeply

care about the quality of the projects and how well they fit into and support the surrounding community. As goes the community, so goes the value of your project. Bottom line: It's good business to care about good design and supporting the community.

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