

UPCYCLING: REIMAGINING UNDERUTILIZED COMMERCIAL SPACE AS PUBLIC SPACE



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Upcycling: Reimagining Underutilized Commercial Space as Public Space

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When it opened between 2002 and 2004, Pittsburgh’s SouthSide Works was lauded as a retail destination that would revitalize the former brownfield site of the historic J&L Steel Works. It was at the forefront of the live-work-play movement. But by early 2020, the retail space was just 7% leased, although it had solid anchors, including REI and Urban Outfitters.

That’s what commercial real estate investor and developer SomeraRoad was working with when it became majority owner and operator of the 34-acre property, after acquiring its defaulted loans during 2018.

Like many retail destinations, SouthSide Works struggled to attract shoppers as e-commerce grew. SomeraRoad saw an opportunity to turn this underperforming retail destination into a mixed-used community. The company brought in architecture firm AE7 and placemaking firm Cana

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Development to help it “upcycle” the property – increase the value of underutilized existing real estate.

Executives from the three companies discussed the upcycling of SouthSide Works at CRE.Converge 2021 in Miami Beach.

“It was desperately in need of a refresh, even though, looking at it, it seemed like this was kind of a nice place to be,” said Philip Wilkinson, AIA, NCARB, LEED AP, principal of AE7. The development had too much retail and not enough other uses to draw people to it. “The key is adding mixed uses that give more people an opportunity to be in the site day in and day out,” Wilkinson explained. “Not just looking at destination trips, but everyday trips.”

SomeraRoad aims to turn SouthSide Works from an underperforming retail destination into a thriving mixed-use community. There are several key components of its plan:

Turn a Movie Theater Into Office Space

The challenge: SomeraRoad quickly realized that the 10-screen movie theater at SouthSide Works wouldn’t make it.

The response: SomeraRoad converted the cinema into Class A office space called the Box Office. That removed 40,000 square feet of retail from an over-retailed center and brought in 77,000 square feet of office space. The building, once used mostly Thursday through Sunday, “should bring people there 9 a.m. to 5 p.m. every day – staying, eating and drinking, shopping afterward,” said Jonathon Reeser, SomeraRoad’s director of acquisitions.

The Box Office can accommodate around 500 workers. Reeser said it’s a unique product, providing a creative office option in a market where most new office product is six-story suburban-style.

Add Residential

The challenge: SomeraRoad believes SouthSide Works has to be truly mixed-use to succeed, but it had only 83 multifamily residential units.

The response: SomeraRoad is turning the last unused parcel on the site into a 230-unit multifamily development. Despite the challenges of executing it – including 50 feet of elevation change – SomeraRoad considers it crucial to balancing SouthSide Works.

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Rethink and Activate the Green Space

The challenge: SouthSide Works had 3.75 acres of green space, but it was divided and difficult to utilize. Although it could be engaging for special events, it was not engaging day-to-day.

The response: SomeraRoad, AE7 and Cana Development are remaking the green spaces to provide as many uses as possible, through as many seasons as possible, during days, nights, weekends and weekdays. During the process, they envisioned as many as 50 different iterations of how the space will be used. "In this day and age, a public space is only as good as its utilization," said Mike Morris, Cana Development's principal.

In the former Town Square, Cana is planning small-sized food and beverage spaces, along with flexible outdoor seating. It's designed as an asset for both the office building and the residential units.

The existing Tunnel Park is being redone with a children's playground, outdoor space for movies and activities, a community dog park and all-season cafe co-branded with a pet store in the development, as well as a trail created with REI. Box Office tenants have already approached the company about branding other outdoor spaces.

COVID-19 has gotten people used to being outside in colder weather, and the aim is to use the outdoor space seven or eight months a year.

Quickly Change Community Perception of the Property

The challenge: The community saw SouthSide Works as a distressed property.

The response: SomeraRoad immediately began hosting outdoor movies, concerts and farmers markets to draw the local community back to the development. It brought the Pittsburgh Penguins NHL team and a local artist on-site to build six giant steel penguin structures that were auctioned off to support the Pittsburgh Penguins Foundation. These were all "low-cost, high-impact things that you can do, and implement very quickly, to change peoples' perception of your property," Reeser said.

SomeraRoad also invested effort and money into marketing and public relations, both of which have helped drive traffic, even as the redevelopment is underway.

SouthSide Works

Where it started: 60% retail, 40% office, a smattering of residential

Where it is today: 60% office, 40% retail, with more residential on the way

Find the Right Mix of Tenants and Uses

The challenge: When SomeraRoad took over, SouthSide Works was 60% retail.

The response: Today, it's 40% retail and 60% office, with residential on the way. In most circumstances, SomeraRoad would want a lower proportion of retail in a mixed-use development. However, 1,200 multifamily units surround the development, which has shifted its retail tenant mix toward that community's needs.

Finding the right balance of food and beverage to retail tenants in a project like this "is part science, part art," Morris said. Cana has access to volumes of cell phone and demographic data, as well as traffic patterns. "When you come to SouthSide Works, we know what place you're going to eat at, both before and after," he added. Cana calculates how many food and beverage (F&B) seats the project can support "but there's a lot of guess work," Morris explained. The project's smaller F&B spaces allow a lot of flexibility for guessing wrong, while also filling consumers' desires for smaller eateries and more options.

Financially, SomeraRoad's position as majority owner, its financing structure and its partners offer flexibility as it develops the project. "What helps give you that flexibility is having the right basis that allows you to pivot, allows you to take some things on the chin and survive," Reeser said.

What is Upcycling?

Looking at the built environment to transform something aged to something new and competitive.

Creative re-use; the process of evaluating something that is often ignored and typically considered to be waste and transforming it into something of greater quality. The upcycled item often becomes more functional or beautiful than what it previously was.

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Rochelle Broder-Singer is an independent business writer and editor with more than 25 years of experience. Through the lens of her background and training as a business journalist, she writes about commercial real estate, economic development, compliance-related topics and more. Connect with Rochelle on LinkedIn at www.linkedin.com/in/rochellebroder or on Twitter at [@rochellebroder](https://twitter.com/rochellebroder).

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This is actually a great idea! It would create more jobs as well if done correctly. Using those vacant commercial spaces would be ideal because it would cause more social interaction like the good old days and not be stuck inside on our phones slowly killing ourselves of anxiety. Great read.



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