

# Placemaking: Seeking a Premium through Live-Work-Play



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# EXECUTIVE SUMMARY

There is a clear market demand for integrated living, working and retail environments that are carefully curated to meet the evolving needs of modern residents, office tenants and visitors. These live-work-play communities put lifestyle at the center of design in order to create places that foster great experiences, interactions and discoveries.

**More than just mixed-use, successful placemaking projects plan and activate the built environment in ways that seek to attract people, make them feel comfortable and encourage them to stay or return.**

Specific strategies are tailored to each site, but all placemaking projects include consistent core elements.

- Buildings, plazas and alleyways on the ground plane are designed at the human scale to welcome people into the spaces and create environments that are comfortable and easy to navigate.
- Outdoor spaces from plazas to parks provide opportunities for people to breathe fresh air, experience nature and engage in community.
- Programming – perhaps the most important element of placemaking – includes diverse offerings ranging from community events like farmers markets and outdoor yoga classes to concerts and art installations. It is consistently activated and continually refreshed to maintain vibrancy.
- Specialty retail, including food and beverage, reflects the area’s local culture, tastes and preferences while leveraging differentiation and distinction.

Together, these elements create an energetic, authentic sense of place that results in rental and occupancy premiums over market. The mix of uses and synergies between them also seek to create stable, resilient assets that perform better than standalone residential, office and retail buildings.

Percent above submarket rental-rate average at Avalon.<sup>1</sup>

**97%**  
for retail

**60.4%**  
residential

**43%**  
office

<sup>1</sup>Avalon was a Hines placemaking mixed-use development project in Alpharetta, GA. JLL, Mixed-use development performance analysis, Q4 2019. Past performance does not guarantee future results.

Most importantly, a placemaking approach to real estate builds neighborhoods and destinations that improve people's lives and bring value to the broader cities and communities that surround them.

**While it's easy to understand placemaking's benefits, building authentic and successful places is incredibly complex.**

In order to create a firm foundation for planning, design and activation, placemaking schemes require:

- An integrated approach to both development and investment to optimize the place as a whole (rather than siloed by use) and make decisions holistically
- Extensive psychographic and community research, to understand both the target audiences and their preferences as well as the needs, gaps and existing retail and amenities in an area
- Critical focus on ESG factors across the project, to meet investor, tenant and community expectations for environmental and social sustainability

Hines experts see a placemaking approach to mixed-use gaining momentum as more and more people prioritize flexibility, convenience and the ability to curate their lives in ways that feel meaningful.





# OUR EXPERTS



**VARUN AKULA**

*Managing Director, Hines West Region*

Based in Los Angeles, and leading the West Edge project, Akula has deep knowledge of the local markets and a commitment to building authentic places that reflect and enhance communities.



**KURT HARTMAN**

*Senior Managing Director, Hines Southeast Region*

Through leadership roles at Fenton, Avalon and now American Tobacco Campus, Hartman strives to create places that feel authentic, and evolve and adapt with the people who live, work and play there.



**MARIO ABBADESSA**

*Senior Managing Director & Country Head, Hines Italy*

Overseeing Hines' projects in Italy, Abbadessa approaches urban regeneration and placemaking by balancing rich architectural history with innovative ways to create engaging, vibrant spaces.



**GARY CORRIGAN**

*Managing Director, Hines Ireland*

Spearheading the development of Cherrywood Town Centre, in the Dublin metro area, Corrigan is charged with making this exciting new town a global model for sustainability and livability.



**STEVE LUTHMAN**

*Senior Managing Director, Hines Midwest Region*

Luthman is responsible for financing, design and construction management activities on various Hines placemaking projects and was a part of the team that spearheaded the firm's T3 platform prototype.



**DAVID PERRY**

*Senior Managing Director, Hines East Region*

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Perry has led the South Station project since 1998, balancing historic preservation and urban revitalization with the key objectives of the planned Class A residential and office building.



**JOSH SCOVILLE**

*Senior Managing Director, Hines Investment Management*

As director of Proprietary Research, Scoville has seen dynamic, authentic places bring value to investors and communities, from rent and occupancy premiums to overall market resilience.



**HELLE SØHOLT**

*Founding Partner and CEO, Gehl*

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Gehl is a global leader in people-centered urban design. Søholt and her team are committed to creating places that help people flourish, connect with others and engage with their surroundings.



**MELISSA VOELKER**

*Director, Hines Preconstruction & Special Projects*

Part of the Conceptual Construction team, Voelker focuses on ground planning and amenities across Hines developments, helping teams create a meaningful sense of place.

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Other industry participants may have reasonably different views than those of the experts presented herein.



# WHAT IS PLACEMAKING?

Over the past decade, the real estate industry has begun to reimagine the way buildings and developments contribute to and enrich communities by creating a lively sense of place. More than landscaping and beautification, a placemaking approach to development focuses on integrated built environments that are attractive and accessible to people and endeavor to improve the daily lives of those who live, work, shop, and otherwise interact with them.

A big part of this transformation is a market demand for living and working environments that are amenitized, experiential, and meet the evolving needs of modern residents, office tenants and visitors. Because placemaking prioritizes human experiences, it requires designing and programming the built environment with people's day-to-day lives in mind.

"Imagine having people in these places twenty-four/seven," says David Perry, Senior Managing Director of Hines' East Region. "Colleagues are grabbing a drink before they catch the train to go home, people are taking



**Historically, commercial real estate revolved around making beautiful, functional buildings. Now, it's really shifting to be responsive to what's going on around those buildings, too.**



**MELISSA VOELKER**  
Hines

an outdoor yoga class or going to the fitness center before heading up to the office, people are going out to lunch, shopping, having dinner, enjoying live music. There's a lot of synergy between uses."

Melissa Voelker, Director of Preconstruction and Special Projects, and part of Hines' Conceptual Construction team, agrees. "Placemaking is really a live-work-play mentality. When you have those pieces naturally embedded in the project, and you activate it from morning to night, you immediately get this vibrancy," she explains. From revitalizing a city district or energizing the area around a single building to creating a new town center with an urban feel in a suburban market, the principles of placemaking can apply and potentially bring value to cities and suburbs, alike. What's more, "We learn from place to place and can apply a people-first methodology to any place, regardless of context and scale," Voelker adds.



Events such as farmer's markets activate space and community.

## Hardware and software

Hines' Steve Luthman, Senior Managing Director for the Midwest Region, describes placemaking as "Part art, part science: the hardware and the software coming together in perfect harmony to create a dynamic place that's always active, always vibrant, and ultimately has the potential to achieve the best returns in the market."



The Roof Deck at South Station in Boston will provide tranquil outdoor space high above the city.

Hardware is the buildings, plazas and alleyways that create the structure of a place. Because the built environment sets the stage for site programming and retail activation – the software – it must be designed with the full spectrum of both in mind. From community events, like farmers markets and charity runs, to concerts, pop-up shops, and food festivals, programming and retail activation must be carefully planned, proactively implemented, and continually refreshed to maintain relevance and vitality.

In order to create synergies between hardware and software, placemaking requires an integrated planning and design process from the start. “It’s important to have the right people at the table early on,” says Voelker. “You’ve got the architect who wants to make a really beautiful space, and the developer who wants specific cost-effective measures and ESG priorities, and the operations team that will be integral to the success of the programming – it’s really this collision of brainwaves that shapes how a place comes together over time.”

Kurt Hartman, Senior Managing Director for Hines’ U.S. Southeast Region, agrees. “When you’re trying to merge all of these uses together, there are lots of complexities,” he explains. “You have to make compromises between uses, which takes technical knowledge and the ability to work through, understand and deliver all of it together,” he says. These early conversations also help make sure the cost of amenities and programming are baked into the pro forma of the building, enabling leasing teams to set base rents appropriately.

*There is no guarantee that placemaking will result in tenants paying higher rents.*



**The primary goal is to have this space and the way we program and design it be a reason why you’d pay more to have your office here or to live here.**



**DAVID PERRY**  
Hines



# PROJECT DEMAND, PREMIUMS AND VIABILITY

The COVID-19 pandemic has caused people to seek the flexibility, convenience and access to amenities that can often be found in mixed-use developments and spaces. This isn't a new trend, however. A JLL study conducted in 2019 showed demand for live-work-play which enabled these types of mixed-use assets to command lower cap rates and higher rent premiums compared to their markets.

## Average cap rate premiums<sup>2</sup>

- -82 basis points for residential
- -52 basis points for office
- -14 basis points for retail



There's a business case for these projects outperforming the market, and it's been proven by the rents and the cap rates that have been achieved in our developments.



**STEVE LUTHMAN**  
Hines

<sup>2</sup>JLL, *Mixed-use development performance analysis, Q4 2019. Past performance does not guarantee future results.*

### Average price per unit premium<sup>3</sup>

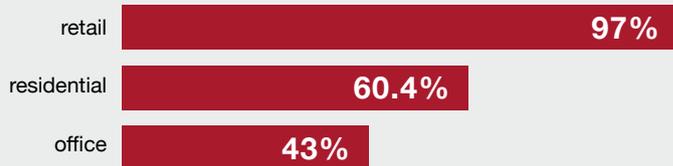
- 57.8% for residential
- 31% for office
- 1% for retail

Hines experts believe the programming and activation aspects of true placemaking schemes may support even greater premiums over market rates, as Hines and its partners have seen at Avalon. As more placemaking developments open in the coming months and years, Hines believes these properties may bring significant value to investors.

## Snapshot: Placemaking premiums at Avalon

Avalon, a vibrant mixed-use destination in the Atlanta-metro area, is a prime example of a placemaking strategy at work. This thoughtfully planned, heavily programmed, live-work-play village has seen superior performance over traditional retail, residential and office properties in the area. The management team activates it 365 days a year with micro events, like food trucks, ice cream vendors and movie nights, as well as major events like an annual tree-lighting ceremony and seasonal ice-skating rink.

### Rent Premiums over Submarket Averages<sup>4</sup>



Avalon was sold in July 2016 for approximately \$500 million. The estimated development budget was \$265 million, therefore yielding a 3.3x return to equity.<sup>5</sup>

In June of 2021, retail traffic was 20% higher at Avalon than at traditional shopping areas nearby that are three times its size.<sup>6</sup>

<sup>3,4,5</sup>JLL, *Mixed-use development performance analysis, Q4 2019. Past performance does not guarantee future results.*

*There is no guarantee that future Hines projects will perform in the same manner.*

<sup>6</sup>Placer.ai, 2021.

*The opinion of Hines. Other market participants may reasonably have differing views.*

## Synergy builds resilience and drives value

Wherever there is a gap in the market, placemaking has the potential to benefit an area or community and perform successfully as an asset. “We start with the basic underwriting of each individual asset class that’s in the project,” says Luthman. “Would apartments here work on their own? Would retail, would office? And if we can make the investment thesis for each of them alone, without the synergy placemaking brings, we believe it’s going to be successful.”

What’s more, placemaking developments in Hines’ opinion are resilient assets. “If you’re in a community like West Edge, in Los Angeles, there are great lunch options outside your office door, and you can go to the gym immediately after work and have happy hour with your coworkers, all in one place. It’s those moments that may make a Class A, mixed-use, placemaking environment resilient to almost any circumstance versus a commodity kind of environment, like a standalone office park,” says Varun Akula, Managing Director for the Hines West Region. “It may provide a resilient income stream, with 60% coming from residential, 30% from office and 10% from retail, which would allow you to do things you wouldn’t normally be capable of in a standalone office or residential building.”

Placemaking strategies also may make the real estate itself more resilient. “We realized that in the process of future-proofing West Edge, and thinking about, not the next 10 years, but the next 25+, we proactively addressed a lot of the concerns that people now have as a result of COVID,” Akula explains. “We’d planned for access to fresh air through terraces on multiple levels, a walkable environment, flexible areas throughout the residential space and co-working spaces in order to evolve and meet programming needs.”

Strong demand, potential profitability and viability don’t make placemaking easy, however. Hines experts agree that successful placemaking projects are extremely complex to program, plan and execute successfully, which is a big competitive advantage for firms that have the expertise to do it well. “It’s only worth the investment if you do it right,” says Voelker. “The last thing you want to do is just tick a box.”

*There is no guarantee that investors will continue to pay more for placemaking projects. The opinion of Hines. Other market participants may reasonably have differing views.*



**There are investors that desire these projects because of the high barriers to entry to create them. There’s a permanent lack of competition, and investors are willing to pay more for that.**



**STEVE LUTHMAN**  
Hines



The planned synergies between retail, office and residential uses – and the blending of indoor and outdoor space – should make West Edge in LA a prime placemaking destination.

## More than the sum of its parts

Many developers take a siloed approach to mixed use, which can inhibit their ability to create an integrated, authentic sense of place. “They get the best multifamily group, the best office group, the best retail group, and the office group optimizes for office, the multifamily group optimizes for multifamily and the retail just struggles. That’s multiuse, not mixed use,” Luthman explains. A siloed approach to funding affects project success, as well. “When the investment groups are siloed, it’s really hard to create an integrated place because, again, everyone is optimizing for their own thing versus truly optimizing for the overall place,” he adds.

The upside to all this complexity? “You really have a disproportionate opportunity to drive value,” says Josh Scoville, Senior Managing Director of Investment Management at Hines. “Ultimately, what happens is, our customers reward us. They pay a little bit more in rent, they absorb quicker, that creates an investment that is far more profitable than if you did each project individually. And that should help our investors make disproportionate returns.”

*There is no guarantee that a placemaking project will be successful.*



Placemaking can provide a much more stable, long-term investment profile than a segmented approach with varying products over here and over there.



**JOSH SCOVILLE**  
Hines



# RESEARCH: BUILDING FOR PEOPLE

Creating developments that prioritize people and their experiences starts with research to understand who will be living, working and visiting the place and what they are looking for from a mixed-use environment. For new suburban developments, like Avalon, Fenton and Cherrywood, the research approach involves focusing on who lives in the surrounding community as well as who might move to this place from elsewhere. Hines teams commission psychographic studies to understand the basic makeup of each place's target population, including average age and income as well as interests, preferences and opinions. Then, they create personas that help guide planning and decision-making.

For urban revitalization projects, the approach is much the same but also involves examining existing infrastructure and amenities. Helle Søholt, founding partner and CEO of Gehl, utilizes what her firm refers to as

“public life research” to map the intricacies of communities and understand opportunities and gaps. “We look at the activities of an area, who is living and working in the area and who is using outdoor spaces, so we have a foundation and understanding of a community before everything else,” explains Søholt. “We also research the quality of existing buildings and the mix of functions, community facilities and housing in the area.”

This kind of human- and community-centered data is critical to creating unique, authentic places that attract and retain tenants, consistently appeal to residents, and become favorite destinations for people in the surrounding area and beyond. “When you are able to cater to the personalities, the characteristics, the psycho-demographics of the people in the area,” says Voelker, “and really curate the spaces for them, that is what we believe will set you up for long-term success.”





# PLACEMAKING PILLARS

## Ground Plane Programming, Planning and Activation

While there are different considerations when building a place from scratch, with no amenities nearby, than developing or revitalizing an urban area, the core elements of placemaking apply to any successful project – and they all start with the ground plane. From thinking through the programming needs, to planning and design, to activating the space, everything hinges on a ground plane that is inviting, inspiring and supports the project’s placemaking goals.



We’re really focusing on the human plane, the ground interaction, what it feels like to be there.



**KURT HARTMAN**  
Hines

## Planning the programming

Because programming is so critical to creating a successful space, Hines experts start envisioning how a place will be programmed for target stakeholders before planning the space itself. “We start placemaking projects with the ground-plane – it’s things like sizing the park for the types of concerts we’d like to get based on psychographics of our customers,” says Luthman.

Melissa Voelker agrees. “When you think about placemaking, you have to consider the long-term goals for the space. If you want to program the green space with certain events, then that starts to drive where you place the building on the site. By designing the cause-and-effect together, we can make sure our building doesn’t keep our green space in shade all day but instead it can more strategically provide shade only during the hottest hours of the day,” she explains. “The more intentional you are about programming the site early on, the more efficient the planning will be.”

## Site planning

In addition to thinking through the programming needs, a placemaking approach requires teams to focus on other key considerations at the planning stage of a project.

### THE WELCOME

Inviting, inspiring areas at the base of an office building or at the entry points of a mixed-use development are integral to attracting people to a place. “We think about how a building comes down to the ground, what the public sees when they pass by, the gravitational pull that brings people to the building, to the property, to the spaces and creates an identity and a sense of place around it,” says Voelker.

In order to create this feeling of welcome, it’s key to design at the human scale. “Human beings are attracted to places they can relate to,” says Søholt. “Making sure the physical environment is built on a human scale is very important, particularly at the ground floor and what we call the ‘edge conditions,’” she continues. “If the ground floor is not welcoming, it doesn’t feel like a warm engaging place.”



**It’s really important to welcome people to the building. Placemaking is the welcome, it’s the first impression.**



**MARIO ABBADESSA**  
Hines

## THE OUTDOOR SPACE

Outdoor, open space is a fundamental quality of placemaking—and it's become even more important as a result of the COVID-19 pandemic. In addition to providing opportunities for people to breathe fresh air and interact with people and the natural world, placemaking's approach to outdoor space also challenges the constructs of what's done indoors versus outdoors. "Placemaking is rethinking what's typically inside a building," says Mario Abbadessa, Senior Managing Director and Country Head of Hines Italy. "We're creating outdoor spaces for living, for co-working, and integrating what's inside with what's outside." He envisions blurring the lines between indoor and outdoor spaces even more in the future, with gyms that include outdoor exercise facilities and business tenants utilizing open-air offices and meeting areas.



The Instagrammable #fentonfloors bring levity to the space – and set the tone for a day at Fenton.



Fenton's outdoor spaces light up as the nightlife begins.

## THE FLOW

Another critical element of placemaking is planning the overall flow of the space to create an environment that is comfortable, easy to navigate and interesting to wander through and explore. For larger mixed-use developments, Hines teams often work with experts who focus exclusively on planning the flow of the ground plane. "At Fenton, we hired a ground plane consultant to think and strategize about how people move throughout the space and what their experience and journey could be," says Hartman. "We created unexpected moments to inspire wonder and curiosity," he explains. The team at Fenton has built a social media strategy around the flow of the visitor experience that leverages Instagrammable elements to promote the space and build connections with the people who live, work and visit the community.

**THE MIX: GETTING THE RIGHT RETAILERS**

Planning the right retail in a space – and finding the right balance of soft goods, food and beverage, and entertainment – is a critical component of placemaking, as well. More than a collection of restaurants and shops, a rich retail experience incorporates and reflects the lifestyle, wellness and entertainment preferences of the people who will live, work and visit the place, and it’s also a key consideration for businesses seeking office space. “As we’ve been leasing the office building at West Edge, the first question we get asked isn’t about ceiling heights or parking ratios, it’s ‘Who are the retailers?’,” says Akula.



West Edge residents and office tenants will enjoy a curated retail experience that utilizes indoor and outdoor space.

Hines leans heavily on the expertise of its retail leasing group to get the right mix of retail partners for each space. This team digs into the psychographic data, examines gaps in nearby markets, and helps shape micro-destinations that are carefully curated to attract and retain tenants, residents and repeat visitors. “You have a built-in customer base for retail at placemaded developments with office employees during the day, residents coming home at night and all these activities driving people to the center. It creates dynamic places that are always active and vibrant because of all of that synergy,” Scoville explains.

Retail in mixed-use sites has garnered a **9%** rent premium over other retail in the same submarkets.<sup>7</sup>

<sup>7</sup>CoStar, *The Secret is Out* 2.25.21

## ACTIVATION AND EVOLUTION

Many placemaking experts believe that activating the spaces is the most important part of placemaking. As a result, program management and operations at placemaded spaces needs to be consistent, comprehensive and led by people who are able to create great experiences through activation and events of all sizes – and invested in the success of the property as a whole.

Consistent programming is so integral to overall asset performance that many Hines properties employ dedicated full-time professionals onsite to manage activation. “You can’t just build it and let it be. You’ve got to do some choreography of the space,” Hartman explains. “It’s having people that are actively putting together events, programs, using the space you’ve created in thoughtful, fun, creative ways. There’s a heavy operational component to it, and that needs to evolve too, just like the space.”

When it comes time to sell a mixed-use, placemaded development, it’s critical to build continued programming and activation into the plan. “You wouldn’t want to strip the programming out – it devalues the asset,” Scoville cautions, “and it shouldn’t be siloed by use or done by an off-site company that has no skin in the game,” he adds.



The ice rink at Avalon is a favorite wintertime destination.



**Placemaking is becoming more and more about the experience and the activation – consistent activation that evolves and meets the needs of the local community.**



**VARUN AKULA**  
Hines

## Snapshot: Preserving history and culture at Via Tornabuoni and MilanoSesto

When done right, placemaking seamlessly incorporates the history and culture of existing places into the identity of redevelopments and new development projects, alike. Mario Abbadessa describes placemaking at Via Tornabuoni, a 600-year-old building in the heart of Florence. “The developer’s job is not to recreate the building, it’s to start from



something that already exists and create around that story and place. You need to be able to improve what you have,” he explains. At this historic place, providing space in the square for

the property’s high-street retail shops to host pop-ups and programming the outdoor space with concerts and events celebrates the site’s past and breathes new life into it.

Creating a new placemaded development in a city with a strong heritage presents its own set of opportunities and obstacles. “The challenge at MilanoSesto is to make sure the place feels integrated with the rest of the city, that there’s no disconnect,” says Abbadessa. “We have a lot of history, and that’s a pro – it’s our strength. But definitely, it’s more complicated.”



## Snapshot: Creating an authentic identity at Cherrywood

Building an authentic sense of place in a new town center or completely new town is similarly complex. While people who are moving to suburban areas are looking for more space and access to the outdoors, they don't want to sacrifice the vibrance of an urban neighborhood. Hines believes a suburban project needs to shape and convey a meaningful identity through its architecture, design and density – as well as programming and activation – and create an environment people want to live in, work in and engage with.

“Cherrywood is a 400-acre piece of land that will become a new town with 25,000 residents,” says Gary Corrigan, Managing Director for Hines Ireland. The Hines team worked with architects across the globe to create buildings that have their own distinct look and feel. “Diversity of design and architecture give it a sense of evolving over time, so the town doesn't look like it arrived in one go, by one developer and one architect in one phase,” Corrigan explains.

Sited between the Wicklow Mountains and the Irish Sea, Cherrywood is a 10-minute bike ride to hiking, trail



running, swimming and kite surfing, and access to active recreation is a key part of its identity as a place. “It'll be very focused on celebrating all the options you have from a healthy lifestyle perspective right on your doorstep,” says Corrigan. As a brand new town, Cherrywood will rely on programming to shape its identity, as well. Hines has formed a management business to curate and activate the programming and experiences at Cherrywood's plazas, parks, athletic facilities and open spaces and to engage the community around the extensive amenities and entertainment options planned for the site.



# ESG IN PLACEMAKING

Environmental and social sustainability and resilience are hugely important to placemaking. Investors may demand it because they believe sound environmental, social and corporate governance ("ESG") strategies minimize risk and generate sustainable returns. Progressive cities and states are mandating it through stricter requirements and bold, forward-thinking goals. What's more, tenants, residents and visitors are increasingly interested in the environmental performance and social impact of the places they live, work and interact with. For them, ESG is becoming a defining factor in the identity of a place.

Hines uses programs like LEED, GRESB, BREEAM, and WELL<sup>8</sup> to support goal-setting and industry leadership at its placemaking projects worldwide. "ESG has been at the forefront of our thinking from the beginning at West Edge," says Akula. "In addition to being LEED Gold pre-certified, we are pursuing WELL certification, which looks beyond the built environment at access to clean water and natural light, and whether you're providing your employees with healthy snacks or incentives to take the stairs. We think it's a great feature of this project."

<sup>8</sup>LEED is the Leadership in Energy and Environmental Design; GRESB is the Global Real Estate Sustainability Benchmark; BREEAM is the Building Research Establishment's Environmental Assessment Method; and WELL represents the WELL Building Standard.



**A great place has value outside of its own boundaries.**



**HELLE SØHOLT**  
Gehl

## Bringing Value to People and Communities

ESG's role in placemaking is highly focused on social sustainability, as well. "What we're trying to do is make not only the most beautiful, well-executed, net-zero, energy-efficient, carbon-neutral buildings, but also spaces that people want to be in. Spaces that socially mirror people's ideals, that are relevant and valuable to them. We're really building a cultural infrastructure," says Voelker.

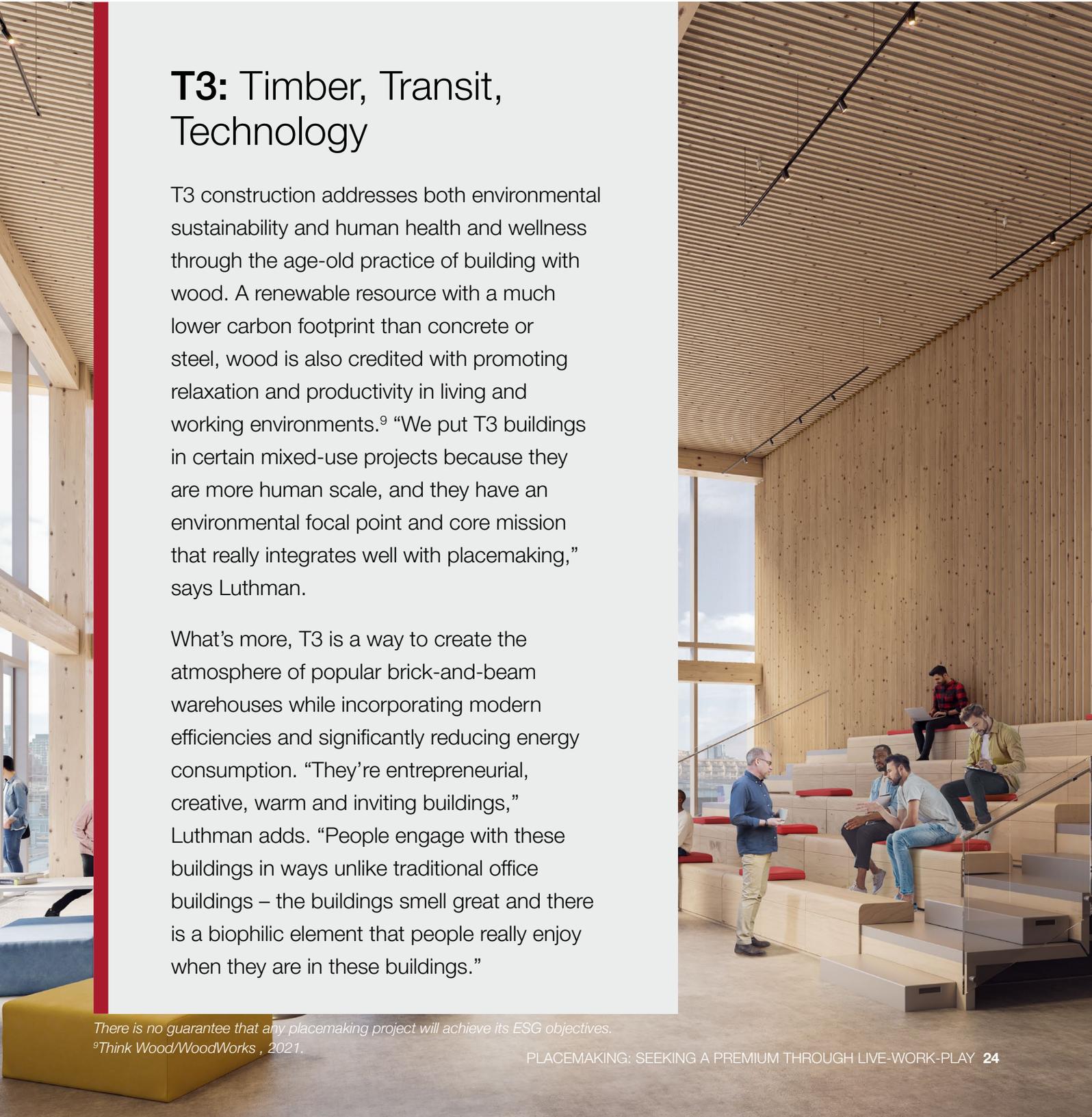
### T3: Timber, Transit, Technology

T3 construction addresses both environmental sustainability and human health and wellness through the age-old practice of building with wood. A renewable resource with a much lower carbon footprint than concrete or steel, wood is also credited with promoting relaxation and productivity in living and working environments.<sup>9</sup> "We put T3 buildings in certain mixed-use projects because they are more human scale, and they have an environmental focal point and core mission that really integrates well with placemaking," says Luthman.

What's more, T3 is a way to create the atmosphere of popular brick-and-beam warehouses while incorporating modern efficiencies and significantly reducing energy consumption. "They're entrepreneurial, creative, warm and inviting buildings," Luthman adds. "People engage with these buildings in ways unlike traditional office buildings – the buildings smell great and there is a biophilic element that people really enjoy when they are in these buildings."

*There is no guarantee that any placemaking project will achieve its ESG objectives.*

<sup>9</sup>Think Wood/WoodWorks , 2021.



Placemaking strategies can also help improve health and wellbeing for individuals and their broader communities through parks and open spaces that provide opportunities for people to relax and connect. “If you create a really great place, it becomes a win not just for the local community that lives or works there every day, but it becomes a destination for the wider city because it has a wonderful vibe or mix of uses or spaces where people can hang out, spend time and meet others,” says Søholt.

Steve Luthman agrees. “We’re inviting the community in and creating a place the community wants to be. That makes the community better, enhances the value of the real estate all around you and enhances people’s lives,” he says.



A Family Fun Run at Cherrywood.

Hines experts also agree that engaging the community around a new or revitalized development – beginning before or during the construction phase – builds energy, interest and ownership, which helps establish an authentic sense of place. “We did a huge amount of community engagement from the very beginning at Cherrywood,” says Corrigan. “We had open days where six or seven thousand people came and looked at the plans and models. We sent out newsletters, had family fun days, hosted charity runs ... people just couldn’t believe it when they came up here and saw all the parks and really got a feel for the place. We want the community to take ownership of these places.”

## Partnering with cities

Because of the nature of placemaking projects and the opportunities to transform underutilized real estate into thriving destinations, cities are often heavily involved in – and opinionated about – what happens in these places. And, with excitement for revenue streams and amenities come



**Authenticity is at the core for us. We want people to feel proud to call this new neighborhood home.**



**GARY CORRIGAN**  
Hines

concerns about everything from increased traffic and noise to affordability and gentrification. In Hines' opinion, it's critical to forge a strong foundation with municipalities and city stakeholders early in the project planning stages in order to build strong, collaborative partnerships that help move projects forward. "Even before we start the design process, we engage stakeholders and local governments in a visioning process, to help with alignment from the beginning," says Søholt.

While working closely with cities can add complexity to projects, it can also help uncover additional insights and opportunities to address real community needs. "A city knows its people, and knows what will be valuable to the community," says Voelker. "Having the right city partnerships in place is really helpful in understanding what will be valuable."



Cherrywood Fun Day welcomed the surrounding community up to the site as construction was just beginning, so people could see what the future held.

## P3: Public-Private Partnerships

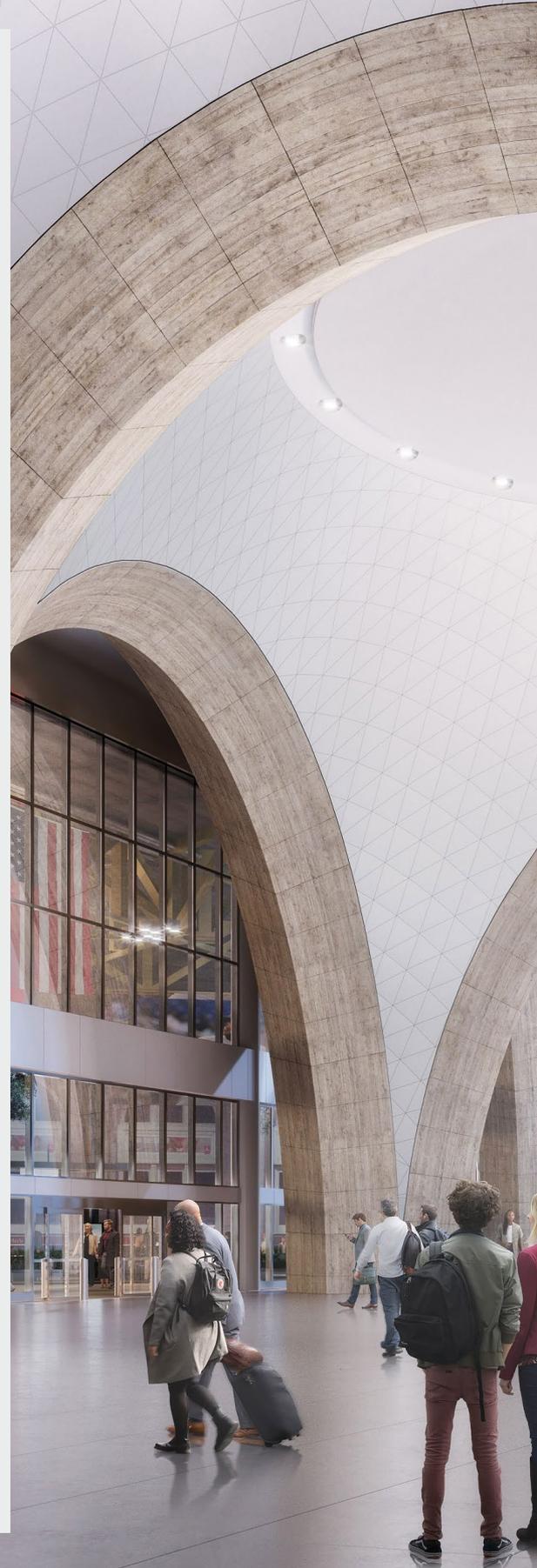
Rather than focusing on easement lines, Hines teams strive to weave placemaking projects into the fabric of communities, which often



involves significant private investment in public spaces and infrastructure. Boston's South Station project is a prime example of this strategy in action. A high-density residential and office building with excellent

amenities for tenants should both reinvigorate the space and fund the redevelopment of the train station and bus terminal.

“Had we not planned and permitted enough density to privately fund all the transportation infrastructure at South Station, this project would not have happened,” explains David Perry. Partnerships with the City of Boston and Massachusetts Bay Transportation Authority, among others, are helping to get this complex, multi-year project over the finish line, which will give this gateway to the city a much-needed upgrade and benefit thousands of transit users every day.



A rendering of the reimagined concourse at South Station.



# THE FUTURE OF PLACEMAKING

Placemaking is continuing to gain momentum and adoption across the globe, especially in the wake of the COVID-19 pandemic. “COVID has created this environment where people have the ability to work from anywhere, play how they want, and define how they curate their own life,” says Luthman. “If we can successfully placemake, it’s perfectly aligned with the integration of all different facets of life. That’s a very real, very major trend that’s going to put fire under placemaking as a strategy.”

Mario Abbadessa sees the social impact of placemaking growing, as well. “The social impact – on students, on elderly people, on young families, on service workers – needs to be part of the project from the beginning. The future of our job and the responsibility we all have as investors, developers, managers, it’s not only focusing on the energy, the environmental sustainability. We have to have social sustainability,” he explains. He believes there are opportunities to promote social equity and integration through innovative placemaking strategies, from integrated, affordable housing to



**Placemaking challenges us to think outside the box and come at things a different way. It’s a constant quest to learn and expand our vision.**



**KURT HARTMAN**  
Hines

providing childcare services in office buildings, enabling professionals to prioritize both their families and their work.

Like many things in today's quickly changing world, the strength of placemaking is its ability to adapt to meet the changing needs of people. "The highest and best use of a building cannot be predefined. It needs to adapt to the surrounding environment," says Abbadessa. He sees real estate itself in a similar light. "I believe real estate is evolving," he adds. "It's not a static concept but more like a fluid, constantly changing business."

## About Hines

Hines is a privately owned global real estate investment firm founded in 1957 with a presence in 255 cities in 27 countries. Hines oversees investment assets under management totaling approximately \$83.6 billion.<sup>10</sup> In addition, Hines provides third-party property-level services to more than 367 properties totaling 138.3 million square feet. Historically, Hines has developed, redeveloped or acquired approximately 1,486 properties, totaling over 492 million square feet. The firm currently has more than 171 developments underway around the world. With extensive experience in investments across the risk spectrum and all property types, and a foundational commitment to ESG, Hines is one of the largest and most-respected real estate organizations in the world.

<sup>10</sup>Includes both the global Hines organization as well as RIA AUM as of June 30, 2021.

## General Risk Considerations

Alternative investments involve a high degree of risk. You should purchase these securities only if you can afford the complete loss of your investment. Risks will vary by investment, but in general risks include, but are not limited to:

- There is not a public market for shares of alternative investments so it will be difficult for you to sell your shares and, if you are able to sell your shares, you will likely sell them at a substantial discount;
- These offerings may be conducted on a “best efforts” basis and as such, there is a risk that the program will not be able to accomplish its business objectives if substantial funds are not raised in the offering;
- The availability and timing of distributions is uncertain and cannot be assured;
- Alternative investments may offer share redemption programs; however, there are significant restrictions and limitations on your ability to have all or any portion of your shares redeemed under such programs; if redemptions occur, they may be at a price that is less than the price you paid for the shares and/or the then-current market value of the shares;
- Distributions may be paid from sources such as proceeds from debt financings, proceeds from the offering, cash advances by the advisor, cash resulting from a waiver or deferral of fees and/ or proceeds from the sale of assets; distributions may exceed earnings; if distributions are paid from sources other than cash flow from operations, there will be less funds available for investment, and their client’s overall return may be reduced;
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- Alternatives offered by Hines Securities are sponsored by Hines and these programs generally pay substantial fees to Hines and its affiliates for day-to-day operations and investment selection. These affiliates are subject to conflicts of interest.

Alternative investments are not suitable for all investors. Please refer to the suitability standards set forth in the prospectus or offering memorandum of the particular investment.

The Coronavirus (COVID-19) pandemic has had an adverse impact on global commercial activity. Investments in real properties and real estate-related securities have not been immune to the impact of the pandemic. Although the outlook is improving in certain areas of the world, including the United States, the United Kingdom, and Europe, considerable uncertainty still surrounds the Coronavirus and its potential effects on the population, which makes it difficult to ascertain the long-term impact it will have on commercial real estate markets.

This material contains forward-looking statements (such as those concerning investment objectives, strategies, economic updates, other plans and objectives for future operations or economic performance, or related assumptions or forecasts) that are based on our current expectations, plans, estimates, assumptions and beliefs that involve numerous risks and uncertainties. Any of the assumptions underlying the forward-looking statements could prove to be inaccurate and results of operations could differ materially from those expressed or implied. You are cautioned not to place undue reliance on any forward-looking statements. We undertake no obligation to publicly update or revise any forward-looking statements.

**Hines Securities, Inc., Member FINRA, SIPC, is the dealer manager. 11/21**

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