

## Shanghai Xintiandi

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Shanghai, China

Project Type:  
Mixed-Use/Multi-Use

Case No:  
C035012

Year:  
2005



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### SUMMARY

Located in the heart of the city, Shanghai Xintiandi is a two-square-block retail, entertainment, office, and cultural destination that blends modern and historic architecture. The North Block consists of restored and rebuilt historic courtyard homes serving as shops and restaurants, while the South Block is largely modern in style and construction. As one of the first projects in China to utilize older structures, it stands in contrast to current patterns of development that emphasize new construction. Xintiandi presents a new model of adaptive use and historic rehabilitation that is influencing the way government officials and real estate developers throughout China view old neighborhoods and buildings.

### FEATURES

- Adaptive Use
  - Historic Preservation and Reconstruction
  - Historic Courtyard Homes (*shikumen* style)
  - Entertainment and Cultural Center
  - Pedestrian-Friendly Design
  - In-House Leasing, Marketing, and Promotion
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### LOCATION

Central City

### SITE SIZE

3 hectares/7.41 acres

### LAND USES

Specialty Center, Lifestyle Center, Office, Service Hotel, Museum

### KEYWORDS/SPECIAL FEATURES

- Adaptive Use
- Historic Preservation and Reconstruction
- Historic Courtyard Homes (*shikumen* style)
- Entertainment and Cultural Center
- Pedestrian-Friendly Design
- In-House Leasing, Marketing, and Promotion

### PROJECT ADDRESS

North Block  
Lane 181  
Tai Cang Lu  
Shanghai 200021  
People's Republic of China

South Block  
Lane 123  
Sing Ye Road  
Shanghai 200021  
People's Republic of China

### OWNER/DEVELOPER

Shui On Land Limited  
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333 Huai Hai Zhong Road  
Shanghai, China  
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### MASTER PLANNER

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#### ARCHITECT OF RECORD

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Fax: (0065) 6227-0006  
[www.nikkensekkei.com](http://www.nikkensekkei.com)

#### CONSTRUCTION CONSULTANT

Architectural Design & Research Institute  
Tongji University  
1239 Siping Road  
Shanghai 200092  
(021) 6598-1429  
People's Republic of China

## GENERAL DESCRIPTION

Shanghai Xintiandi—pronounced “shintien-dee” and translated as “new world”—is a two-square-block complex of shops, restaurants, cultural attractions, and offices in central Shanghai. Functioning as an outdoor pedestrian mall, it is divided into two blocks. The North Block, composed primarily of restored and reconstructed historic courtyard homes known as *shikumen* houses, has the feel of an old Shanghai street with shopfronts and outdoor eating and sitting areas. Its walkways connect to the adjacent South Block, which is a new retail, entertainment, and hotel complex designed in a contemporary style with architectural elements and materials that complement the historic character of the North Block. Anchored by a cinema and fitness center, the South Block features a variety of shops and restaurants at its exterior perimeter as well as at its interior courtyard area. Underground parking for the development is located beneath the South Block.

Together, the two blocks have a site area measuring just under 30,000 square meters (almost 322,920 square feet) and a gross floor area of 64,497 square meters (694,246 square feet). It is part of the first phases of development of the 52-hectare (128.5-acre) Taipingqiao redevelopment area in downtown Shanghai being led by Hong Kong-based Shui On Land Limited, property flagship of the Shui On Group.

## THE SITE

Shanghai Xintiandi is located in central Shanghai in a formerly low-scale residential district that is undergoing a transition to higher-density, modern development. The two-square-block site occupies the northwest corner of the Taipingqiao redevelopment area currently being developed by Shui On Land. East of Xintiandi is Taipingqiao Park, a landscaped open space that serves as the centerpiece of the redevelopment area. North of the park (and east of Xintiandi) lies Corporate Avenue, a commercial office area, and south of the park is the Lakeville luxury residential area, all components of the project. Areas to the south include older low-scale houses and shops, and areas to the west are made up of high-density apartments.

Xintiandi lies one block south of Huai Hai Zhong Road, a busy, upscale shopping street that also is the site of the nearest underground subway station. Numerous bus lines run along nearby streets.

## DEVELOPMENT PROCESS

The developer of Xintiandi is the Shui On Group, which was founded in 1971 in Hong Kong by Vincent H.S. Lo. Shui On is in the real estate, construction, and cement-manufacturing businesses. In 1985, it entered the mainland China market and has spent years building connections and investing there. To consolidate its prime developments in the mainland, the group established its property flagship—Shui On Land Limited—in 2004. The company focuses on two key business segments in mainland China: large-scale city core development projects and high-quality residential projects. The developer’s intention is to fully integrate both types of projects into urban planning schemes.

Over the past two decades, Shanghai has undergone a rapid transformation. New urban infrastructure has been put into place, including an underground public transit system, elevated expressways, ring roads, and even a magnetic levitation (Maglev) rail system running between the city and the new Shanghai Pudong International Airport. High-rise offices, hotels, and residential towers have been inserted into the fabric of the old city. Across the Huangpu River to the east is the Pudong Special Economic Zone, home to dozens of new skyscrapers. One result of this massive building boom is the loss of many of the city’s low-scale neighborhoods and historic buildings.

During the late 1990s, the Luwan district government in Shanghai asked various developers to submit development concepts for a large area in the center of the city. The Shui On Group subsequently received the rights to develop this 52-hectare (128.5-acre) area. Known as Taipingqiao, this redevelopment area is planned to comprise a mix of commercial and residential buildings focused around a 44,000-square-meter (473,616-square-foot) landscaped park and manmade lake. Major components of the district include the already completed Xintiandi North and South blocks, as well as Corporate Avenue, grade A office buildings, an entertainment and commercial complex, and Lakeville, an 18-hectare (44.5-acre) luxury residential area. Ten office buildings are planned for Corporate Avenue; by the end of 2003, two office structures with a gross floor area of 78,000 square meters (839,592 square feet) had been completed and today are fully occupied. The first phase of Lakeville features three low-rise apartment buildings, two towers, and villas. In 2005, sales prices of \$53,819 per square meter (\$5,000 per square foot) were achieved there, the highest residential prices paid to date in Shanghai.

The San Francisco office of U.S. architecture firm Skidmore, Owings & Merrill (SOM) created a master plan to guide development of the Taipingqiao redevelopment project. Previously, the Xintiandi area housed some 2,300 families totaling more than 8,000 people. The Luwan government, with US\$75 million from Shui On, assisted in the relocation of a large number of these residents.

## PLANNING, DESIGN, AND CONSTRUCTION

Several factors led to the concept for Xintiandi. Because a national historic site (the former school where Mao Zedong

held the first Congress of the Chinese Communist Party in 1921—now a museum) is located in what is now the center of the district, the local government required that the developer preserve the building and limit the height of new construction in the immediate area. In addressing these requirements, the Shui On Group realized that it needed to create a distinctive project that would not only attract a market on its own, but also raise the value of land in the surrounding areas that it controlled. When the Boston-based architecture firm Wood + Zapata was brought on board in 1998, it was proposed that the original buildings surrounding the historic shrine be maintained and reused as much as possible, and this concept became the basis for the project.

Xintiandi's *shikumen*-style ("stone gate") houses are a unique form of Shanghai residential architecture that developed during the 1860s in response to an influx of a large number of refugees from outside Shanghai into the city's foreign settlement areas. To accommodate these new residents, rows of *shikumen* homes were erected on an unprecedented scale by real estate developers of the period.

Built in a dense courtyard configuration, these attached rowhouses were accessed by narrow alleys. Generally standing three stories tall, many featured elaborately carved stone frames surrounding a heavy wooden door. European ornamentation borrowed from the city's colonial architecture was combined with Chinese design, layout, and materials to create an eclectic housing style. Though largely constructed as single-family units, the homes became more crowded over the years, sometimes housing multiple families who shared kitchen and bathroom facilities.

To determine which structures could be saved and which had to be rebuilt, nearly a year was spent inventorying every building on the North Block site. Preserving every historic edifice in the area was not feasible due to poor building conditions and prohibitive preservation costs; the need to install new systems for power, water, sewage, and fire prevention also presented serious challenges to the preservation efforts. In addition, the original density of the block needed to be opened up with spaces to allow access to shops and areas for outdoor events and dining. In many cases, structures were so severely deteriorated that the developer and architect opted to rebuild them using portions of the original facades and significant architectural features such as the stone doorway frames, wooden windows, and exterior walls. Even in cases where partial preservation was possible, it was necessary to replace the old timber structure with steel. The original bricks and tiles that were reused had to be treated with special agents to strengthen them and prevent corrosion. One building that was suitable for preservation was One Xintiandi, a three-story mansion built in 1925 whose design reflected European and Chinese influences. Carefully restored inside and out, the structure now serves as a private club for the Shui On Group.

Because the old houses lacked basic utility services, it was necessary to dig deep trenches under every building to lay water supply and drainage pipes, sewage treatment systems, gas pipes, electric lines, and telecommunication cables. With very little room for heavy machinery, workers had to install these new systems by hand.

At the North Block, the combination of old and new construction resulted in a cleaned-up version of the old *shikumen* neighborhoods. The narrow alleyways in the North Block were retained and paved with the same gray flagstones as originally used in the area.

Converting the structures to commercial use has involved combining modern materials and architectural features with the traditional style. For example, at the ground-floor level, large glass doors and panels have been employed to open up the interior spaces and allow visitors and shoppers to see inside. At the western boundary of the North Block, two new modern four-story office buildings were inserted into the block. Facing outward to the street to the west, they have little functional or visual connection with the historic architecture on the remainder of the site.

The South Block is composed of new construction. Opened in mid-2002, it features a new four-story retail complex with a fitness center and spa on the third floor and a cinema on the top floor. Initially, a food court was housed on the ground floor, but the building's retail concept was revised in early 2005; the food court will be moved to the lower level and the ground floor and second floor will focus instead on fashion retailers such as United Colors of Benetton and Nine West. The South Block is also home to 88 Xintiandi Executive Suites, a 53-room service hotel that was one of the first boutique hotels in China.

The project has received considerable recognition, and the North Block won the ULI Award for Excellence in 2003.

## FINANCING

When the Xintiandi project was initiated in 1997, there was no precedent in China for this type of low-scale multiuse commercial center involving the reuse and reconstruction of historic structures, so potential investors were skeptical. As a result, the Shui On Group was the sole investor in the initial stages of the project and it was not until the end of 1999 that outside investors began to be interested. Eventually, a consortium of four banks came on board, injecting US\$45 million into the development. A bank loan of US\$5 million was also obtained.

The Shui On Group has 97 percent interest in the project. The remaining 3 percent interest is owned by Shanghai Fuxing Development Corporation.

## MARKETING AND MANAGEMENT

A "soft" opening of the project took place in January 2001. Tenants today include a mix of cafés, restaurants, and clubs along with boutiques selling gifts, art, jewelry, clothing, and upscale household items. At the North Block there are 28 food outlets ranging from Starbucks Coffee and Haagen-Dazs ice cream to upscale international restaurants such as Va Bene and Paulaner Boutique, as well as trendy bars such as TMSK. Tenants at the South Block include a similar mix of restaurants, clubs, and boutiques.

Located on the North Block, but not a part of the development, is the aforementioned First Congress Meeting Hall Museum. This museum commemorates the site where Mao Zedong and others held the first meeting of the Chinese Communist Party. Another museum—which is part of Xintiandi—traces the history of the *shikumen* style of architecture through displays, photos, and furnished period rooms.

Leasing and management are handled in house by Shui On Land. The Xintiandi gift shops are owned by the developer; all other retail and restaurant units are rented to outside tenants, although in some cases the developer has a small interest in the shop or restaurant. In addition to monthly rents paid on a square-footage basis, a percentage of retail turnover is charged. As leases come up for renewal, rental income is increasing to reflect the project's popularity and escalating property values in the area.

Strict standards are in place to control the exterior and interior design of each unit, where tenants are responsible for interior fitout and improvements.

Marketing and promotion are handled by Shui On Land, too. Doing little traditional advertising, the company instead sponsors special events such as concerts, fashion shows, and themed promotions. It also publishes a monthly magazine and e-newsletter and works with foreign travel agencies to include Xintiandi on their itineraries.

## EXPERIENCE GAINED

Shanghai Xintiandi serves as an important branding tool for the Shui On Group and for the entire Taipingqiao redevelopment area, which has helped mitigate the project's relatively high development costs. (As one of the first projects of its kind, Xintiandi incurred construction costs that were ten times the current standard in China at the time.)

While the rest of Shui On's Taipingqiao project takes shape, the developer hopes that nearby projects increase in value due to the popularity of Xintiandi. The project has become a well-known destination and received widespread publicity as the first of its kind in China, but it is unknown how profitable the project ultimately will be for the developer and tenant. As such, developers of stand-alone projects in secondary cities should be very careful to balance construction costs with potential financial feasibility.

The process of adapting older structures for modern commercial uses was a learning experience for the developer and design team. Historical, aesthetic, and commercial values governed the architectural treatment of the buildings. The final product illustrates that attention to detail is very important to the overall image and function of the project.

Although small in terms of area, a specialized retail destination such as Xintiandi requires a strong mix of daytime and evening uses for the retailers to succeed. The market for upscale restaurants and shops is still in its infancy in China and businesses in Xintiandi still depend to a large extent on foreign tourists and expatriate residents of Shanghai. The project's location in the dense downtown area of Shanghai has been an important factor in attracting lunchtime and after-working-hours business.

Parking is an important consideration. Although Xintiandi is well served by public transportation, the project features 220 underground parking spaces. With many evening attractions (such as restaurants and cinemas) that are appealing to expatriates—who are more likely to drive, especially at night—it was important for Shui On to provide ample and easily accessible parking. Daytime uses, however, are more likely to be visited by people who use public transit or walk to the site.

Xintiandi has breathed new life into a once-dilapidated district of Shanghai. In the broader sense, it has changed the way government officials and developers throughout China view historic buildings and low-scale neighborhoods and how they can be reused. Today there are several projects similar to Xintiandi planned in other cities across China.

PROJECT DATA		
LAND USE INFORMATION		
Site area (hectares/acres): 3/7.41		
North Block (square meters/square feet): 14,444/155,475		
South Block (square meters/square feet): 15,262/164,280		
LAND USE PLAN		
Use	Area (Hectares/Acres)	Percentage of Site
Buildings	1.68/4.2	56
Streets/surface parking	0.69/1.7	23
Landscaping/open space	0.63/1.6	21
Total	3/7.41	100
Floor/area ratio: 1.87		
GROSS BUILDING AREA		
Use	Area (Gross Square Meters/Square Feet)	
Office	4,710/50,698	
Retail and food & beverage	34,699/373,500	
Parking (220 underground spaces)	7,799/83,948	
Residential/service hotel	4,726/50,871	
Cinema	3,116/33,541	
Spa and fitness center	7,341/79,019	
Clubhouse	1,234/13,283	
Museum	325/3,498	
Other	547/5,888	
Total GBA	64,497/694,246	
RETAIL TENANT INFORMATION		
Tenant Classification	Number of Stores	Total Gross Leasable Area (Square Meters/Square Feet)
General merchandise	2	585.8/6,305.9
Food service	46	22,917.6/246,684.6
Clothing and accessories	13	5,114.8/55,056
Shoes	2	155/1,668.4
Home appliances/music	2	2,084/22,432.2
Gift/specialty	11	254.92/2,744
Drugs	1	33.59/361.6
Personal services	1	110.91/1,193.8
Financial	1	5/53.8
Museum	1	547/5,888
Gallery	1	56.8/611.7
Press office	1	30.2/325.2
Chamber of commerce	1	364.6/3,925
Cinema	1	3,116/33,540.6
Fitness center	1	7,341.1/79,019.6
Other/vacant	N/A	5,267.8/56,702.6
Total	93	47,985.2/516,512.7
Retail rents are charged on a square-meter/square-foot basis plus a percentage of sales.		
Percentage of GLA occupied: 100 percent in the North Block and 84 percent in the South Block		
Average length of lease: 1 to 3 years		
OFFICE INFORMATION		
Percentage of NRA occupied: 90		
Number of tenants: 11		
Average tenant size (square meters/square feet): 350/3,767		
Annual rents (per square meter/square foot): approximately \$256 to \$365/\$23.78 to \$33.90		
Average length of lease: 1 to 3 years		

#### DEVELOPMENT COST INFORMATION

Estimated development cost: RMB 1.4 billion (US\$168 million)

#### DEVELOPMENT SCHEDULE

Site purchased: 1997  
Planning started: 1998  
Construction started: 1998  
Sales/leasing started: 1999  
Phase I completed: September 2000  
Project completed: October 2001

#### DRIVING DIRECTIONS

*From Pudong International Airport:* Exit from the main entrance of Shanghai Pudong International Airport. Travel along the Outer Ring Road for approximately 32 kilometers (20 miles) and turn right onto the Jiyang Road entrance. Drive along Jiyang Road for eight kilometers (five miles) and travel over Lupu Bridge onto the elevated road. Take the Huaihai Road exit and turn left onto Huaihai Road Central. From Huaihai Road, turn right onto Madang Road and go several blocks. Xintiandi is on the third and fourth blocks from Huaihai Road between Madang and Huang Pi Nan roads.

*Driving time:* 50 minutes in nonpeak traffic.

#### DIRECTIONS VIA MAGNETIC LEVITATION (MAGLEV) TRAIN AND TAXI

*From Pudong International Airport:* Catch the Maglev at the airport to Longyang Road Metro Station, located about 30 kilometers (18.6 miles) away. Catch a taxi at the Longyang Road Metro Station. Ask the driver to take you to Xintiandi, or Madang Lu and Taicang Lu (note: Taicang is pronounced "taitsang," not "teikang") at the northwest corner of the development.

*Travel time to Longyang Road Metro Station:* Eight minutes.

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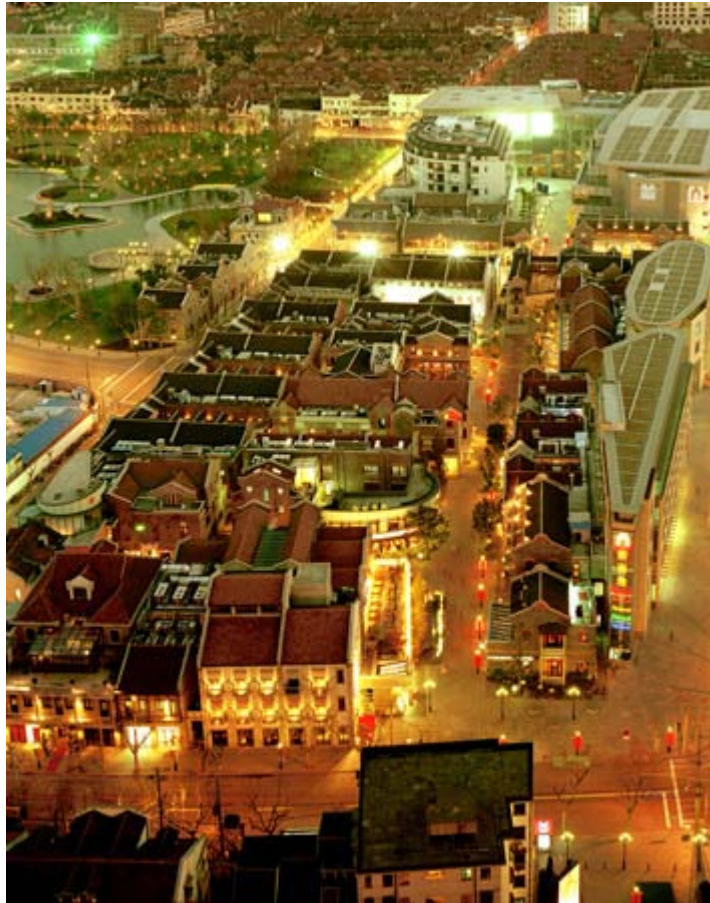
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Courtesy of the Shui On Group

Combining historic elements with modern construction, Shanghai Xintiandi—pronounced "shintien-dee" and translated as "new world"—is a 30,000-square-meter (about 322,920-square-foot) complex of cafés, restaurants, clubs, and boutiques selling gifts, art, jewelry, clothing, and upscale household items.



Courtesy of Wood + Zapata Inc.

Functioning as an outdoor pedestrian mall, the project is divided into two blocks: the North Block primarily features rehabilitated historic courtyard homes serving as shops and restaurants and the South Block contains a retail, entertainment, and hotel complex designed in a contemporary style.



Opened in mid-2002, the South Block features a 53-room service hotel and a new four-story retail building with a fitness center and spa on the third floor and a cinema on the top floor. Initially, a food court was housed on the ground floor, but the structure's retail concept was revised in early 2005; the food court will be moved to the lower level, and on the ground floor and second floor the focus will be on fashion retailers such as United Colors of Benetton and Nine West.



Built in a dense courtyard configuration and accessed by narrow alleys, the *shikumen*-style ("stone gate") houses of the North Block are a unique form of Shanghai residential architecture that blends colonial European ornamentation with Chinese design, layout, and materials.





Courtesy of the Shui On Group

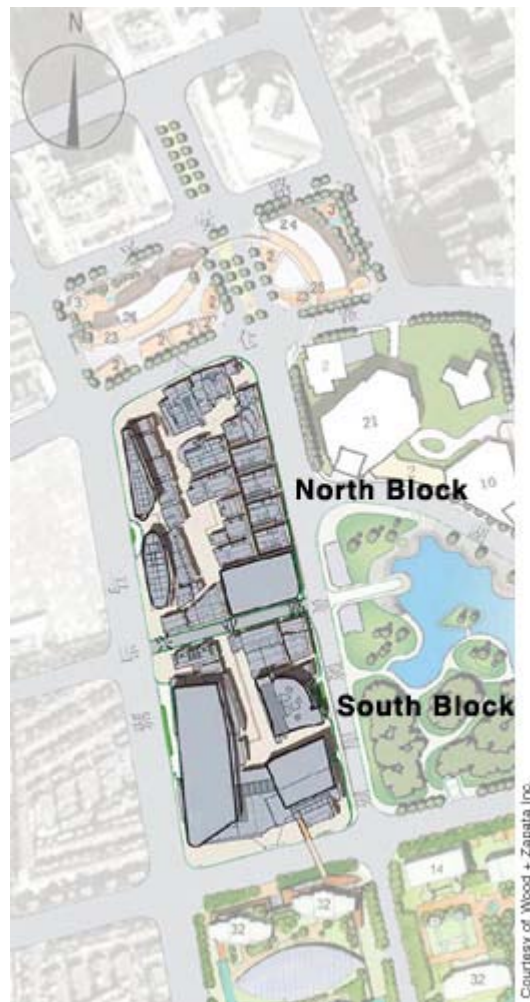
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The original density of the North Block was opened up with spaces to allow access to shops and areas for outdoor events and dining.



Xintiandi occupies the northwest corner of the 52-hectare (128.5-acre) Taipingqiao redevelopment area. When complete, the area will comprise a mix of commercial and residential buildings focused around a landscaped park and manmade lake.



Site plan for Shanghai Xintiandi.