ULI DEVELOPMENT CASE STUDIES

Greenbelt 2, 3, and 4

Makati City, Manila, Philippines

Project Type:
Commercial/Industrial

Case No:
C036005

Year:
2006

SUMMARY

Greenbelt is a mixed-use development featuring restaurants, entertainment venues, shopping outlets, and housing located within Ayala Center, a 36.8-hectare (91-acre) mixed-use complex in Makati City, one of Manila's premier business districts. Built during the 1970s, Greenbelt 1 offers convenience and food services for daytime office workers. In addition to its 28 two- and three-story rental units, Greenbelt 2 was designed as a place for "power lunches" and high-end dining. Greenbelt 4 is an upscale retail destination and Greenbelt 3, the most prominent component of the project, is aimed at professionals in their 20s to 40s with food, shopping, and entertainment options. Greenbelt 3's four-level complex has two distinct faces. The street-facing facade has a unified row of shopfronts, while the interior faces a park with its curvilinear form that incorporates public pathways terraced up to outdoor seating and dining areas for restaurants and cafés.

FEATURES

- Infill Development
- Lifestyle Center
- Entertainment Center

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LOCATION

Central Business District

SITE SIZE

22.6 acres/9.2 hectares

LAND USES

Lifestyle Center, Entertainment Center, Retail, Cinema, Restaurants, Multifamily Rental Housing, Urban Park

KEYWORDS/SPECIAL FEATURES

- Infill Development
- Lifestyle Center
- Entertainment Center

DEVELOPER

Ayala Land, Inc.
Glorietta 4, Ayala Center
Makati City 1226
Philippines
1-877-AT-AYALA (if calling from the United States)
+63-632-752-8001
www.ayalaland.com.ph

ARCHITECTURE AND ENVIRONMENTAL GRAPHIC DESIGN

Callison
1420 Fifth Avenue, Suite 2400
Seattle, Washington 98101
206-623-4646
Fax: 206-623-4623
www.callison.com

ASSOCIATE ARCHITECT

GF & Partners
139 H.V. Dela Costa Street
Salcedo Village
Makati City 1200
Philippines

+63-632-894-6281
Fax: +63-632-892-1861
www.gfparchitects.com

LANDSCAPE ARCHITECT

Edward D. Stone & Associates (EDSA)
1520 A Cloverfield Boulevard
Santa Monica, California 90404
310-315-1066
Fax: 310-315-0916
www.edsaplan.com

GENERAL DESCRIPTION

Greenbelt is a 12-hectare (29.6-acre) mixed-use complex situated at the center of Manila's Makati business district. This multiphase complex features 28 multifamily rental units, an urban park, and a lifestyle center catering to the shopping, dining, and entertainment needs of office workers in the area and the residents of nearby upscale neighborhoods. It is located within the larger Ayala Center, a 36.8-hectare (91-acre) mixed-use complex that includes offices, hotels, shopping centers, and residential towers.

The developer of Greenbelt, Ayala Land, Inc. (ALI), is the real estate arm of the Ayala Corporation and the leading real estate developer in the Philippines. The company has been involved in the creation of the Makati central business district in downtown Manila since the 1940s and has been building the aforementioned Ayala Center in stages since the 1960s. The first phase of this major mixed-use center was Glorietta, a 34-hectare (84-acre) section of offices, shopping complexes, department stores, and hotels. Located west of Glorietta, Greenbelt is bounded by Makati Avenue on the east and Paseo de Roxas Street on the west.

Care has been taken to ensure that all components of the Greenbelt development are complementary to each other. Built during the 1970s and refurbished in 2002, Greenbelt 1 offers convenience and food services to daytime office workers in the area. It also houses cinemas and cultural entertainment venues including Onstage, a live theater that is home to Repertory Philippines, as well as the ArtFilm Theater, which shows independent local and international films. Greenbelt 2 is positioned as a place for "power lunches" and high-end dining, yet it also includes 28 one- and two-story apartments for rent. The most prominent of the phases, Greenbelt 3 is a lifestyle center with a mix of food, entertainment, and shopping outlets that opens up into a park with a water feature. Greenbelt 4 is an upscale retail destination. The theme of Greenbelt 5—in the planning phase as of March 2006—will be fashion lifestyle retail with a mix of luxury international brands and hip Filipino designers.

The Ayala Museum, adjacent to Greenbelt 4, is a four-story glass- and granite-clad structure that features a permanent display of paintings, archeological and ethnographic collections, and temporary exhibits, as well as a museum shop and café.

THE SITE, SITE PLANNING, AND DEVELOPMENT PROCESS

Ayala Land's Commercial Centers Group (ALI-CCG) wanted to do something that would not compete with Glorietta—located just east of Greenbelt. And in keeping with its usual practice, ALI-CCG wanted to create a distinctive destination that would respond to its site and deliver more than just a traditional-type mall. After initial plans for an air-conditioned shopping mall were rejected, the development team realized that they had been turning their backs on a significant resource—a small park complete with a chapel near the aging structure that, once renovated, would become known as Greenbelt 1. This realization marked a turning point in the planning process, and subsequent plans focused on integrating new construction with the park.

In addition to the park and chapel, there were several low-scale buildings on the site owned by Ayala Land. Realizing that the leases would soon be up on these structures, the developer began to consider what concepts would be most appropriate.

It was eventually determined that the best use of the site would be as a lifestyle entertainment destination that would incorporate the park into its design, as well as residential and museum uses. This concept was intended to distinguish Greenbelt from its competitors while targeting professionals in their 20s to 40s—a demographic that has been noted for its tendency to spend freely on food and entertainment.

Planning for all three phases of Greenbelt and the refurbishment of Greenbelt 1 began in 1999. Greenbelt 2 was completed in May 2002, Greenbelt 3 was finished in June 2002, and Greenbelt 4 was completed in November 2003. Throughout the planning and approvals phases, the company issued press releases and newsletters to keep neighborhood associations and businesses in the area informed about the project. The building permit process was more difficult than usual because all phases of Greenbelt were managed under the same permit. This meant that everything had to be completed before each individual phase could be issued an occupancy permit.

Creating pedestrian connections among the various components of Greenbelt and adjacent areas was critical. The developer worked with the Makati Commercial Estate Association (MaCEA), an organization of Makati City property owners, to link Greenbelt with MaCEA's elevated walkway network in the central business district. As a result, the center is connected to other sections of Ayala Center and to the surrounding Makati area through covered walkways on its second level.

PLANNING AND CONSTRUCTION

Ayala Land's Commercial Centers Group played a key role in all phases of Greenbelt development from planning to design, construction, and management of the center. Using an in-house team made up of professional staff from operations, construction, and marketing departments has helped ensure both creativity and consistency throughout the process.

In the Greenbelt 3 portion, this team worked closely with the Seattle-based project architect Callison as well as with prospective tenants. It took a proactive approach to identifying design concepts and specific tenants desired for the development. “Exposure trips” outside Manila stimulated ideas, and meeting with the seasoned restaurant operators of local food outlets resulted in a variety of restaurants, some one of a kind for Manila. Although many of these food operators were unfamiliar with doing business in a shopping center and written guidelines were provided, they were encouraged to be creative in their tenant fitouts as well as operations. According to Myrna Fernandez from ALI-CCG, many of the center’s tenants have shown considerable creativity and initiative in managing their operations and developing their own marketing themes.

Market analysis also played an important role in the planning and conception of Greenbelt 3. Feasibility studies, focus groups, and traffic counts were undertaken by outside consultants to supplement the in-house research and deep market knowledge the company has acquired through its years of experience in the Manila market.

The construction of Greenbelt 3 was complicated by presence of the aforementioned existing structures on the site, some of which had to be demolished and others that had to be protected during the building process. The abundance of mature trees also created design constraints. During the design process, the development team staked out the boundaries of the proposed building to determine how it would affect trees on the site. Plans were then revised to ensure that trees would be protected. In addition, the site sits on a former creek, so excavation had to be deeper than anticipated to reach the desired soil conditions required by the structural engineer.

DESIGN

Each phase of Greenbelt has a distinct character. Greenbelt 1 is a three-story shopping center with restaurants and fast-food outlets as well as convenience retailers like Ace Hardware and Rustan’s supermarket on the ground floor. Greenbelt 2 and 4 are smaller, more finely detailed centers, each with a specific focus. Greenbelt 2 houses a variety of fine-dining restaurants, with the 28 multilevel apartments sitting above them. Greenbelt 4 offers two levels of international designer brands including Prada, Louis Vuitton, Gucci, Burberry, and Tod’s. Its interior finishes are intended to be elegant and understated.

Greenbelt 3 is a four-level complex with two distinct faces. With its unified row of storefronts, the street-facing facade projects a more urban character, while the interior facade faces the park and has a more organic, curvilinear form that incorporates public pathways terraced up to outdoor seating and dining areas for restaurants and cafés. The park orientation required careful site planning and design to ensure that retailers would have sufficient exposure and clear connections to surrounding areas.

The ground floor of Greenbelt 3 is occupied by cafés and restaurants, as well as fashion retailers such as Lacoste, Kate Spade, Nike, Adidas, Springfield, and Gas and several one-of-a-kind retail outlets. The second floor primarily features casual dining outlets and cafés. The third floor houses the cinema ticket lobby, cafés, bars, and Timezone, a family entertainment center. The nightclub and bars on the third floor are intentionally less prominent than the food outlets on the ground and second floors since the idea was to provide a mix of entertainment options but to maintain a focus on food. A five-screen movie theater operated by Ayala Theaters Management occupies the level above the third floor. Another theater, MyCinema, features 50 seats, holds private screenings, and showcases international art films.

Greenbelt’s park setting allows for a more open design than is typically found in shopping complexes, especially those in tropical climates. Individual shops and restaurants are air conditioned, but the upper-level walkways, public areas, and auxiliary seating areas are open. Glass and metal canopies and awnings provide shade and protection from the elements. Louvered openings allow for air flow. Colorful paving materials on the ground level help integrate the center with the park, and materials such as timber and local stone were intended to complement the natural setting.

Landscaping and attention to the setting were important aspects of the project design. The developers expanded the existing park from 1.6 hectares (four acres) to three hectares (7.4 acres) and moved all parking beneath the center. Two hundred new trees, shrubs, flowering plants, and water features such as fountains and pools were added, and 440 trees on site were saved prior to construction and then integrated into the project. Distinct “zones” with tropical, zen, and palm themes were incorporated into the design. Ayala Land also retained and upgraded the chapel on the site. As of March 2006, the Santo Niño de Paz Chapel in the center of the park holds masses daily.

Parking for Greenbelt 3 is located in the basement of the building along with accommodations for services and deliveries. The amount of parking provided at the facility is three spaces per 100 square meters (1,076 square feet) of retail space, which is more than local regulations of one space per 100 square meters (1,076 square feet).

FINANCING, MARKETING, AND MANAGEMENT

Greenbelt has been financed internally by Ayala Land, a publicly traded company. The company also contributed to the nearby Ayala Museum, a 6,122-square-meter (65,897-square-foot) facility that showcases the history and art of the Philippines.

Marketing and management for Greenbelt are handled by an in-house team within ALI-CCG. Many of these professionals were involved in the earlier planning, design, and construction process of the various phases of the Greenbelt complex and they maintain close connections with the center's retailers and restaurant operators.

An annual marketing plan sets out the budget and plans for the coming year for each phase. In addition to advertising, the company sponsors special events. At Greenbelt 3, the park is the venue for concerts and appearances by performers who appeal to its target market of hip young professionals. In 2005, popular attractions included singer Angela Bofil and cast members from the American television series *Queer Eye for the Straight Guy*.

EXPERIENCE GAINED

Greenbelt has differentiated itself from other commercial centers in Manila, including the adjacent Glorietta, by creating an image based on its more open green setting and mix of complementary uses. The natural setting of Greenbelt 3 has helped promote it as a lifestyle center and oasis in the midst of Manila's dense business district. The landscaped park with its courtyards, seating areas, water features, and sculpture garden has become a venue for events, parties, and relaxation. Since its opening in May 2002, Greenbelt 3 has experienced retail occupancy rates of at least 98 percent and there has been relatively little tenant turnover.

Greenbelt 3 has garnered attention from the public as well as from professional organizations such as the Urban Land Institute, which gave it an Award for Excellence in 2003. According to the management team, the concept of open-air pedestrian circulation and seating was not universally accepted by the public when the center opened because of Manila's tropical climate, but it has grown considerably in popularity. The recent enactment of stricter regulations on indoor cigarette smoking in Manila has been a further plus for its open-air design.

The decision to focus on food and entertainment has helped Greenbelt 3 weather tough economic conditions in the Philippines in recent years. The mix of successful local restaurants and retailers with international chains such as Starbucks and Bubba Gump Shrimp Company has helped distinguish the center from other more conventional shopping centers in the Philippines.

The spacious outdoor seating areas have helped generate more sales for businesses located in Greenbelt 3. Tenants pay rent per square foot plus a percentage of sales for their entire space. However, the rent for the outdoor spaces is typically 35 percent of the interior rental rates.

The park setting and extensive pedestrian links to other shopping centers have created security challenges for Greenbelt's management. As at most other centers in Manila, there are security checks for pedestrians entering the center.

PROJECT DATA				
LAND USE INFORMATION				
	Greenbelt 2	Greenbelt 3	Greenbelt 4	Total
Site area (square meters/square feet)				91,536/984,008
Percentage complete	100	100	100	N/A
Gross floor area in square meters per hectare/square feet per acre of land	3,398/14,784	4,999/21,746	1,221/5,311	9,618/41,842
Number of off-street parking spaces				
Basement parking spaces	0	333	110	834
Structured parking	391	0	0	0
Total number of parking spaces	391	333	110	834
GROSS LEASABLE AREA				
	Greenbelt 2	Greenbelt 3	Greenbelt 4	Total
	(Square Meters/ Square Feet)	(Square Meters/ Square Feet)	(Square Meters/ Square Feet)	(Square Meters/ Square Feet)
Retail	5,743/61,737	18,929/203,487	5,269/56,642	29,941/321,866
Cinemas	0	2,639/28,369	0	2,639/28,369
Residential	6,612/71,082	0	0	6,612/71,082
Total	12,355/132,819	21,568/231,856	5,269/56,642	39,192/421,317
LAND USE PLAN				
	Greenbelt 2	Greenbelt 3	Greenbelt 4	Total
Use	(Square Meters/ Square Feet)	(Square Meters/ Square Feet)	(Square Meters/ Square Feet)	(Square Meters/ Square Feet)
Building footprint	6,386/68,650	11,482/123,432	2,763/29,704	20,631/221,785
Street/roadway	445/4,784	2,435/26,173	282/3,033	3,162/33,989
Landscaping/open area at ground level including chapel	0	0	0	24,226/260,434
Total	6,831/73,434	13,917/149,606	3,045/32,737	4,8019/516,208
Percentage of building footprint in relation to entire Greenbelt site area	7	13	3	N/A
RESIDENTIAL INFORMATION				
Unit Type	Number of Units	Floor Area (Square Meters/ Square Feet)	Number of Units Leased	Range of Rental Prices*
Two- and three-level units	28	180–295/1,935–3,171	28	$2,200–$3,000
*Exchange rate used: US$1 = PHP (Philippines peso) 55.				
RETAIL INFORMATION				
	Greenbelt 2	Greenbelt 3	Greenbelt 4	Total
Junior Anchor				
Number of stores (units)	0	1	2	3

Total GLA (square meters/square feet)	0	639/6,864	2,841/30,537	3,479/37,401
Food				
Number of stores (units)	15	50	0	65
Total GLA (square meters/square feet)	4,524/48,632	9,1678/98,553	0	13,692/147,185
Clothing and Accessories				
Number of stores (units)	0	14	1	15
Total GLA (square meters/square feet)	0	3,571/38,394	114/1,222	3,685/39,616
Shoes and Bags				
Number of stores (units)	0	3	10	13
Total GLA (square meters/square feet)	0	175/1,883	1,427/15,341	1,602/17,223
Home Furnishings				
Number of stores (units)	0	5	0	5
Total GLA (square meters/square feet)	0	604/6,491	0	604/6,491
Gift / Specialty				
Number of stores (units)	0	8	4	12
Total GLA (square meters/square feet)	0	1,214/13,055	293/3,155	1,508/16,210
Personal Services				
Number of stores (units)	0	7	2	9
Total GLA (square meters/square feet)	0	635/6,829	67/720	702/7,549
Recreation / Amusement				
Number of stores (units)	0	2	0	2
Total GLA (square meters/square feet)	0	1,424/15,306	0	1,424/15,306
Cinemas				
Number of stores (units)	0	5	0	5
Total GLA (square meters/square feet)	0	2,639/28,369	0	2,639/28369
Total				
Number of stores	15	95	19	129
Total GLA (square meters/square feet)	4,524 / 48,632	20,069 / 215,745	4,742 / 50,975	29,335 / 315,352
	Greenbelt 2	Greenbelt 3	Greenbelt 4	Total
Percentage of gross leasable area occupied	100	96	99	98
Approximate annual rent (US$* per square meter/square foot)	$216.89/$20.15	$184.82/$17.17	$208.31/$19.35	N/A

Approximate annual sales (US$* per square meter/square foot)	$2,144.15/$199.19	$1,983.49/$184.27	$2,270.64/$210.94	N/A
Average length of lease	2–5 years	2–5 years	2–5 years	N/A

*Exchange rate used: US$1 = PHP (Philippines peso) 55.

DEVELOPMENT COST INFORMATION*

Combined costs for Greenbelt 2, Greenbelt 3, and Greenbelt 4
*Exchange rate used: US$1 = PHP (Philippines peso) 55.

Site Improvement Cost: $6,953,455

Construction Costs: $27,190,546
Retail component: $21,448,182
Residential component (Greenbelt 2 only): $3,128,364
Cinema: $1,911,818
Other: $702,182

Soft Costs: $4,068,364
Architecture/engineering: $2,654,545
Preoperating costs: $247,455
Walkways: $186,000
Pretermination expenses: $454,364
Other: $526,000

TOTAL DEVELOPMENT COST: $38,212,364

DEVELOPMENT SCHEDULE

	Greenbelt 2	Greenbelt 3	Greenbelt 4
Planning started	1999	1999	1999
Construction started	October 2000	October 2000	March 2002
Construction completed	November 2001	May 2002	August 2003
Opening date	May 2002	June 2002	November 2003

DRIVING DIRECTIONS

From Manila Ninoy Aquino International Airport: Take Edsa Highway toward the Makati business district (about 20 minutes), get off Edsa Highway by following a sign that says Arnaiz Avenue, and make a lefthand turn onto Arnaiz Avenue. Go straight until the first traffic light and then turn right onto Makati Avenue.

Between the hours of 4 p.m. and 9 p.m., however, Arnaiz Avenue becomes a one-way street, so it is necessary to exit Edsa Highway by following the sign that says Arnaiz Avenue and turning left onto Ayala Avenue—instead of Arnaiz Avenue. At the second traffic light on Ayala Avenue, make a left onto Makati Avenue to Esperanza Street.

Driving time: Approximately 30 minutes in nonpeak traffic.

Anne Frej, report author
Jason Scully, editor, *Development Case Studies*
David James Rose, copy editor
Joanne Nanez, online production manager

This Development Case Study is intended as a resource for subscribers in improving the quality of future projects. Data contained herein were made available by the project's development team and constitute a report on, not an endorsement of, the project by ULI–the Urban Land Institute.

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1025 Thomas Jefferson Street, N.W., Suite 500 West, Washington D.C. 20007-5201

Greenbelt is a commercial complex positioned as a lifestyle center catering to the shopping, dining, and entertainment needs of office workers and residents in Manila's Makati business district.

2003 © Callison (Chris Eden)

Developed by Ayala Land Inc., this multiphase project consists of Greenbelt 1, which offers convenience and food services to daytime office workers; Greenbelt 2, which features high-end dining and two- and three-story rental units; Greenbelt 3, which provides a mix of food, entertainment, and shopping outlets; and Greenbelt 4, which is an upscale retail destination.

2003 © Callison (Chris Eden)

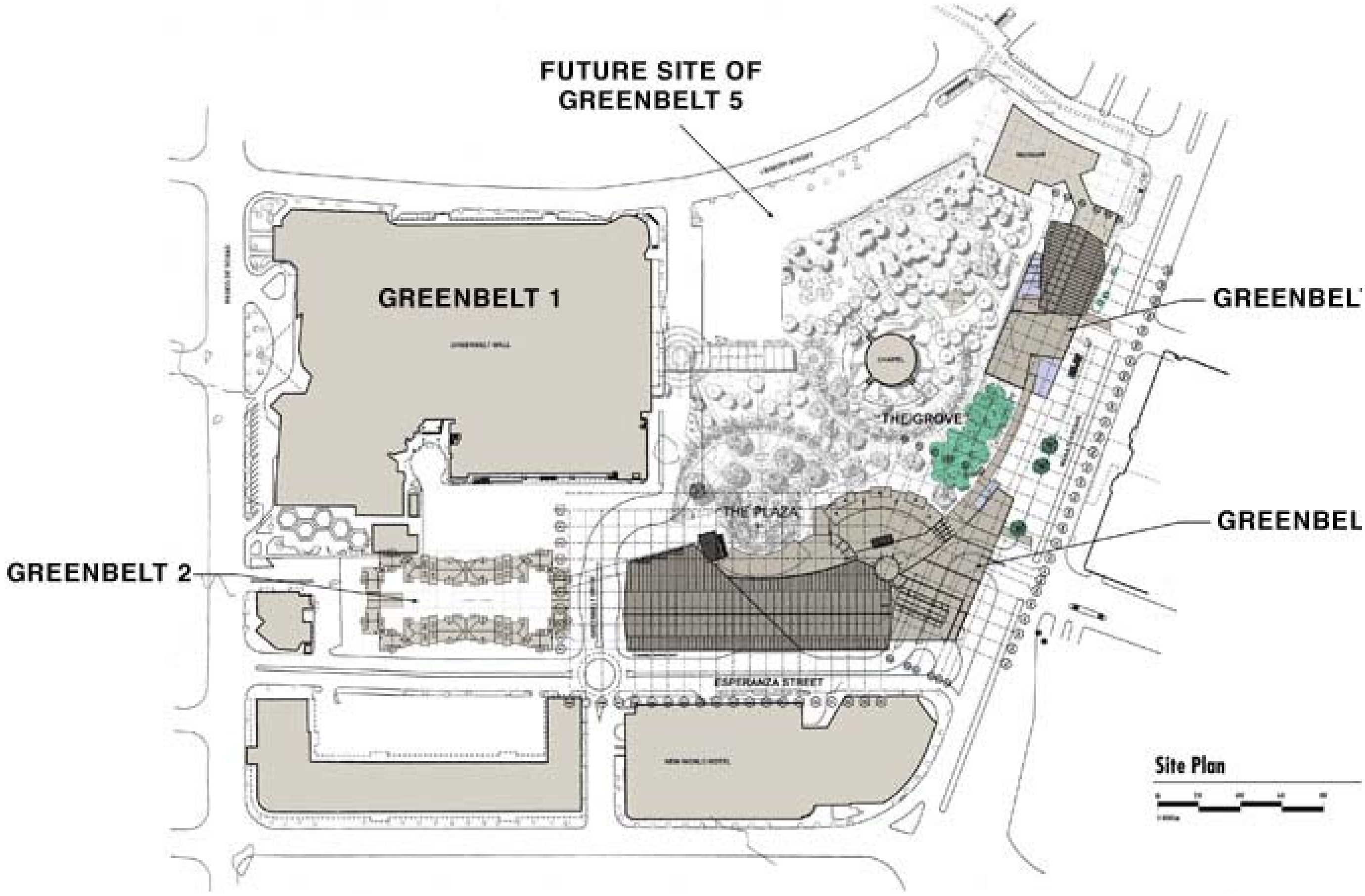
Greenbelt 3, the most prominent portion of the development, is a four-level complex with two distinct faces-a street-facing facade projects an urban character with its unified row of storefronts, while the interior facade that faces a park has a more organic, curvilinear form that incorporates public pathways terraced up to outdoor seating and dining areas for restaurants and caf?s.

2003 © Callison (Chris Eden)

In designing Greenbelt, the development team decided to create a lifestyle entertainment destination with the intention of distinguishing Greenbelt from its competitors while targeting professionals in their 20s to 40s.

2003 © Callison (Chris Eden)

The ground floor of Greenbelt 3 is occupied by caf?s and restaurants, as well as fashion retailers such as Lacoste, Kate Spade, Nike, Adidas, Springfield, and Gas. The second floor primarily features casual dining outlets and caf?s. The third floor houses the cinema ticket lobby, caf?s, bars, and Timezone, a family entertainment center.



Greenbelt site plan.