

Navigating the Futurity Paradox:

Strategic Foresight for China's Transition from Builder to Community Animator

By **Zhidong Chen**

Submitted to **OCAD University**

in partial fulfilment of the requirements for the degree of

Master of Design

in

Strategic Foresight & Innovation

Stephen Davies

MRP Advisor

Toronto, Ontario, Canada

2026

Copyright Notice

This document is licensed under the **Creative Commons Attribution-Noncommercial-Share Alike 4.0 International License**.

<https://creativecommons.org/licenses/by-nc-sa/4.0/>

You are free to:

- Share — copy and redistribute the material in any medium or format
- Adapt — remix, transform, and build upon the material

Under the following conditions:

- Attribution — You must give appropriate credit, provide a link to the license, and indicate if changes were made. You may do so in any reasonable manner, but not in any way that suggests the licensor endorses you or your use.
- NonCommercial — You may not use the material for commercial purposes.
- ShareAlike — If you remix, transform, or build upon the material, you must distribute your contributions under the same license as the original. No additional restrictions — You may not apply legal terms or technological measures that legally restrict others from doing anything the license permits.

With the understanding that:

You do not have to comply with the license for elements of the material in the public domain or where your use is permitted by an applicable exception or limitation. No warranties are given. The license may not give you all of the permissions necessary for your intended use. For example, other rights such as publicity, privacy, or moral rights may limit how you use the material.

Abstract

China's commercial real estate sector is currently transitioning from the Incremental Era of rapid construction to the Stock Era of asset management. In this context, developers who previously focused on building physical spaces must now assume the role of community animators, curating operational content. This transition is hindered by the futurity paradox: a systemic conflict between executives' aspirations for long-term placemaking and the immediate, rigid pressure of debt repayment. Additionally, conventional strategic foresight tools are often too complex and time-consuming for developers experiencing acute liquidity crises.

This study used an action research methodology to develop and test a lightweight strategic foresight toolkit tailored for high-pressure business environments. Data collection involved semi-structured interviews with four key decision-makers from two redevelopment projects, followed by a two-hour co-design workshop focused on a large-scale stranded asset. The workshop incorporated visual tools such as an iceberg diagnosis, a dual-perspective experience map, a scenario matrix, and a constraint-based three horizons framework.

The findings indicate that these lightweight tools served effectively as boundary objects, enabling fragmented departments to align their visions without relying on complex academic theories. Beyond the immediate context, this demonstrates the broader potential for simple strategic foresight tools to facilitate cross-department collaboration and decision-making in real estate redevelopment environments. To address the futurity paradox, the project team implemented a decoupling strategy by temporarily separating high-standard architectural design and construction from operational requirements. This approach facilitated the introduction of mass-market, cash-generating tenants to ensure short-term survival before transitioning to their ultimate long-term vision, which could possibly be introduced to other distressed commercial real estate contexts.

Theoretically, this research introduces the concept of phased resilience, positing that short-term financial survival is a prerequisite for long-term brand building in distressed contexts. Ultimately, the study redefines the primary role of strategic foresight in crisis environments: rather than predicting the distant future, its immediate value is in serving as a boundary object to align fragmented stakeholders and catalyse actionable decisions in the present.

Acknowledgments

It is never easy to cross the globe and pivot into a new professional domain in one's mid-40s; such a journey is impossible without unwavering encouragement and support.

To my advisor, Stephen Davies: thank you for your patience in walking through this entire journey with me. Your guidance was the compass that kept me on track, your wisdom and sharp critical eye helped shape not just this research content, but also the entire approach. Your inspiration and encouragement made this MRP become realistic.

To the participants from the real estate industry: thank you for your time, your effort, and for sharing your insights with such full engagement. Your expertise provided the bedrock for this research.

To the instructors and my cohort in the Strategic Foresight and Innovation program: thank you for challenging me to shift from a traditional professional mindset to that of a facilitator. I owe a special debt of gratitude to Peter Scott for our two conversations when I was conceptualizing the idea; your suggestion to bridge grounded research with the professional world was pivotal.

To my family: thank you for your understanding and the sacrifices you have made behind the scenes. To my wife, thank you for being my pillar of support throughout these two years; and to my two sons, please forgive my absence and the moments of companionship I missed while pursuing this goal.

Finally, I wish to acknowledge the era we live in. To borrow from Charles Dickens, for the real estate industry, this is “both the best of times and the worst of times.” I am grateful for this period of profound transformation. While we endure the pains of shifting from an era of incremental growth to Stock Era. I hope this paper contributes, in some small way, to our industry's evolution—as we transition from being mere builders to becoming community animators.

Table of Contents

ABSTRACT	2
ACKNOWLEDGMENTS	3
LIST OF FIGURES	6
1. INTRODUCTION	7
1. MACRO CONTEXT AND INDUSTRY CRISIS	7
2. CORE DILEMMAS	8
3. LIMITATIONS OF CURRENT STRATEGIES AND THE RESEARCH GAP	9
4. INTRODUCING A NEW SOLUTION: STRATEGIC FORESIGHT	10
5. RESEARCH QUESTIONS AND OBJECTIVES	11
2. RESEARCH PROBLEM FRAMING	12
1. THE MACRO-ECONOMIC CONTEXT: A HISTORIC SHIFT FROM INCREMENTAL ERA TO STOCK ERA	12
2. THE COMPLEXITY OF URBAN REGENERATION	15
3. THE RESILIENCE IMPERATIVE AND CONSUMER BEHAVIOUR	16
4. STRATEGIC FORESIGHT: A TOOL FOR UNCERTAINTY	18
5. THE MISSING LINK: FROM VISION TO VIABLE OPERATIONS	19
6. CONCLUSION	20

3.	METHODOLOGY	21
1.	INTRODUCTION TO THE RESEARCH DESIGN	21
2.	RESEARCH CONTEXT, TIMELINE, AND ETHICAL COMPLIANCE	23
3.	THE DOUBLE DIAMOND FRAMEWORK ADAPTATION	26
4.	RESEARCH FINDINGS	34
1.	THE FUTURITY PARADOX: VISIONARY IDEALS VS. THE DEBT REPAYMENT CONSTRAINT	35
2.	THE CAPABILITY CRISIS: FROM BUILDER TO COMMUNITY ANIMATOR	36
3.	CONFIRMING THE BUSINESS MODEL: THE 2X2 SCENARIO MATRIX	37
4.	GROUNDING THE VISION: CONTEXTUALIZING MACRO-TRENDS TO LOCAL REALITIES	38
5.	RESOLVING THE FUTURITY PARADOX: THE THREE HORIZONS AND THE DECOUPLING STRATEGY	39
5.	CONCLUSION	42
	BIBLIOGRAPHY	45
	APPENDIX	49

List of Figures

FIGURE 1: URBANIZATION AND GDP GROWTH RATE IN CHINA (1980 -2025)	7
FIGURE 2: GOVERNMENT REVENUE FROM LAND USE RIGHT TRANSFER (2016-2026)	13
FIGURE 3: TOTAL SALES OF RESIDENTIAL BUILDING UNITS (2001-2026)	13
FIGURE 4: CAUSAL LOOP DIAGRAM ILLUSTRATING THE „LAND FINANCE“ MODEL IN INCREMENTAL ERA.	14
FIGURE 5: CAUSAL LOOP DIAGRAM ILLUSTRATING WHY THE „LAND FINANCE“ MODEL FAILED IN STOCK ERA.	14
FIGURE 6: HISTORICAL REAL ESTATE CYCLES IN CHINA VS THE USA	17
FIGURE 7: DOUBLE DIAMOND AS A SYSTEMIC DESIGN TOOLKIT (DESIGN COUNCIL. 2021)	27
FIGURE 8: STEEP-V CARDS FROM HORIZON SCAN	28
FIGURE 9: CAUSAL LAYERED ANALYSIS (INAYATULLAH, 2004)	29
FIGURE 10: THE ICEBERG (KIM, 1999)	29
FIGURE 11: KJ METHOD -SAMPLE OF THEMATIC CLUSTERING OF DATA POINTS (HESSING, N.D.)	30
FIGURE 12: ADAPTED DOUBLE DIAMOND FRAMEWORK IN THE RESEARCH	41

Introduction

1.1 Macro Context and Industry Crisis

The Chinese real estate industry is currently facing a fundamental and historic transition following four decades of unprecedented urbanization. China underwent the largest rural-to-urban migration in human history, the urbanization rate has grown from 19.39% in 1980 to 67.89% by the end of 2025 (Statista, 2026). More than 760 million citizens have migrated to urban areas, driving a demand surge that fuelled the industry's growth.

However, the era of fast grow—defined by high leverage, rapid turnover, and an incremental mentality—has concluded. According to the World Bank's latest economic update, growth is projected to moderate to 4.9% in 2025 and further to 4.4% in 2026 (World Bank, 2025). Previously, urban development relied heavily on a “land finance” model, where local governments leased land-use rights to developers at premium prices to generate fiscal revenue (Chen et al., 2023).

Today, this model has fractured due to market saturation and shifting demographics. With housing demand peaking and an oversupply of inventory, land values are depreciating, leaving local governments with debt and developers with stranded assets - projects designed for a high-growth era that now sit in a frozen market. This research addresses a scenario that enables a proactive commercial repositioning

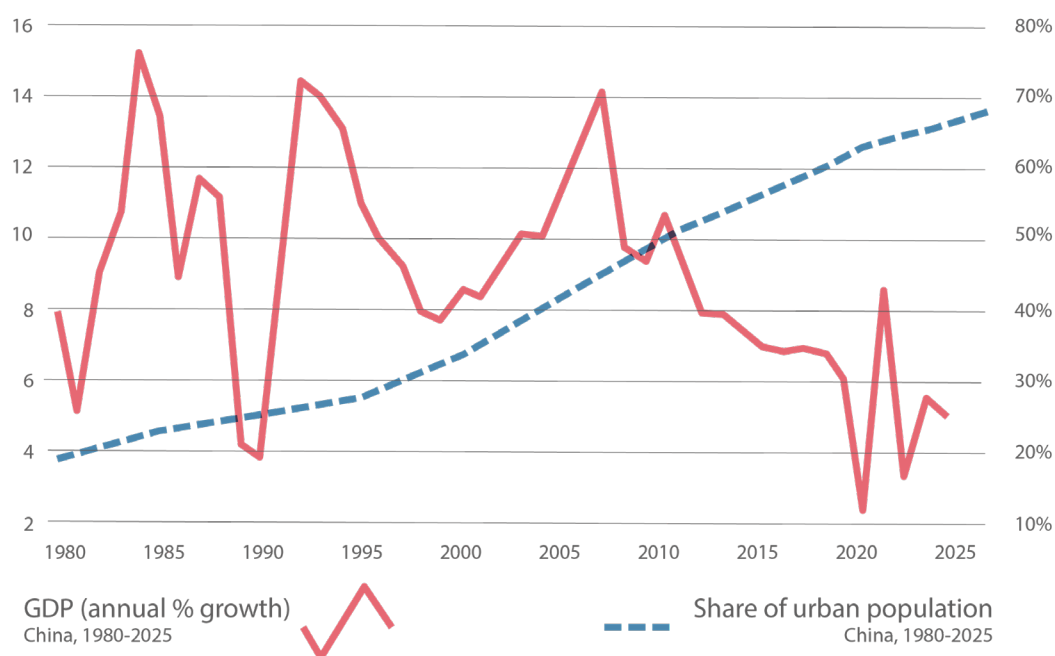


Figure 1: Urbanization and GDP growth rate in China 1980-2025
Sources: National Bureau of Statistics of China (2026); Statista (2026).

for distressed or stalled developments. In the Incremental Era, developers focused on residential-centric models that generated profits quickly through sales. In the emerging Stock Era, developers must transition to integrated asset management. This means they can no longer simply build and sell; they must retain ownership, operate the buildings, and curate the assets long-term, despite lacking the operational expertise to do so. This gap—between understanding the need for long-term value creation and possessing the methodological tools to systematically plan for uncertainty—constitutes the research’s focal problem.

1.2 Core Dilemmas

Amidst this downturn, key industry players face a dual dilemma. First, developers possess the construction, engineering, and architecture capabilities to build physical spaces, but they critically lack the operations, community curation, and placemaking capabilities required for the new Stock Era.

As noted by Wakabayashi & Chien (2025), stakeholders are liquidating fixed assets in response to uncertainty. However, for those who cannot sell, the challenge shifts from construction to operation. The market now demands a transition from a transactional builder model to a relational community animator model. The Atlantic Council argues that private developers without state backing face an exit rate of nearly 80% over a 5-to-10-year horizon (Jyin, 2026). This crisis has not only damaged the business environment but has also eroded professional confidence across the industry.

The builder model refers to the traditional approach dominant during China’s Incremental Era of real estate development. In this model, developers act primarily as constructors: their proficiency lies in land acquisition, design, and rapid construction of residential or commercial spaces. Profitability is linked to quick turnover—buying land, building projects, and selling units as rapidly as possible. The relationship with the end user is transactional, ending at the point of sale.

The community animator model, by contrast, is a relational and operationally intensive approach required in the Stock Era. Here, developers (or new asset owners) must transition to becoming curators and facilitators of vibrant communities. Their responsibilities go beyond construction: they retain ownership, actively manage the property, and focus on creating places where tenants, visitors, and local stakeholders are involved in meaningful ways. This model focuses on placemaking, programming of shared spaces, tenant mix curation, and socially driven activities to create community identity and long-term loyalty. Revenue generation is tied not just to rents but also to the vibrancy and reputation of the place, requiring skills in community engagement, event organization, and ongoing stakeholder manage-

ment. The shift from builder to community animator is both a structural and cultural transformation, requiring new operational capabilities and a fundamentally different mindset.

This paper conducted interviews with real project stakeholders and the findings show the tension in transitional-era developments. Interviews with project stakeholders revealed a systemic tension in transitional-era developments. Executive leadership prioritized a socially responsible mission, prioritizing heritage preservation and the creation of an oasis for long-term community value. Conversely, operational directors pragmatically countered this vision, arguing that immediate commercial viability and self-sustainability must take precedence to prevent the asset from becoming a financial burden.

This is not a mere philosophical disagreement but a structural challenge: Chinese developers, historically trained in residential turnover, must now balance:

Short-term accountability

Demonstrate immediate rental income to secure ongoing financing.

Long-term positioning

Create differentiated value that justifies residential price premiums in later phases.

This temporal mismatch indicates that a distressed project cannot achieve all forms of business stability at the same time. Instead, developers require a strategy of phased resilience, where they must first secure short-term financial survival before they can achieve long-term brand value.

These traditional tools rely heavily on historical data and fail to perform for the new operational requirements of the Stock Era. This thesis will explain why these tools miss the mark later in the methodology chapter.

1.3 Limitations of Current Strategies and The Research Gap

In my practice as a design professional, I have observed that common industry strategies have proven insufficient in addressing these challenges. Many developers attempt to replicate the business models of isolated successful renovation projects. However, this approach of indiscriminate replication often ignores the specific contextual factors of each project, such as location, community needs, and mi-

cro-market conditions.

The research gap identified here is operational. While macroeconomic literature discusses the debt crisis, there is a lack of accessible tools for developers holding stranded assets. They are caught in a futurity paradox: trapped between the immediate need for financial survival (a 6-month window) and the necessity of building long-term community value (a 10-year horizon).

. They address neither the temporal mismatch of the futurity paradox nor the cognitive gap of leadership trained in land speculation. The specific methodological failures of these traditional tools, and why they cannot navigate the operational distress of the Stock Era, will be analyzed in detail in Chapter 3 (Methodology).

1.4 Introducing a New Solution: Strategic Foresight

As McKinsey (2021) argues, true resilience is the ability to withstand unpredictable threats and grow stronger. The current crisis serves as a critical alert for real estate developers and asset holders: focusing solely on financial survival is insufficient. (Nauck et al., 2021). This study puts forward strategic foresight not as a predictive crystal ball, but as a structured methodology for bridging the decision making at the heart of the futurity paradox.

The primary objective of this research is to evaluate the efficacy of a lightweight strategic foresight toolkit designed for real estate decision-making. In the transition from the Incremental Era to the Stock Era, decision-makers encounter several points of friction: conflicting priorities between design vision and operational needs, uncertainty about future market demands, and organizational resistance to new roles and processes. These frictions are profound because they cut across professional identities, incentive structures, and personal experiences, making technical solutions alone insufficient. This crisis is epistemological because it challenges industry common sense about value creation—forcing a re-examination of business models, expertise, methods, and mental models that once worked in the Incremental Era but are now not applicable to the Stock Era. This study explores whether lightweight foresight can help bridge these divides, supporting more resilient strategic decisions before capital is committed.

1.5 Research Questions and Objectives

While strategic foresight is used in business, technology, and public policy, its application in China's real estate industry, especially at the project level, is largely unexplored. Therefore, this research will focus on three core questions:

Research Question 1

How can a commercial redevelopment project apply foresight-informed and systemically grounded design methods to mitigate financial risk and generate long-term strategic value?

Research Question 2

How can developers transition from a builder mindset to a community animator model to unlock value in the Stock Era? What constraints and stakeholder dynamics most affect the balance between short-term financial pressures and long-term value creation?

Research Question 3

How can lightweight, practical foresight and systems tools be integrated into early-stage framing without creating process delays?

The goal of this study is to answer these questions. By doing so, it aims to provide China's troubled real estate industry with a forward-thinking decision-support tool that goes beyond simple imitation, and to test its practicality and value in a real business setting.

Research Problem Framing

2.1 The Macro-Economic Context: A Historic Shift from Incremental Era to Stock Era

The economic environment for urban development in China has undergone a fundamental transformation. For the past three decades, the economy grew rapidly, driven by a reliable increase in investment every year. However, recent data highlights a historic turning point: for the first time since 1980, fixed-asset investment has declined across the three major pillars of the economy—real estate, infrastructure, and manufacturing (Wakabayashi & Chien, 2025).

In the past, the central government would intervene during economic downturns by investing heavily in infrastructure or stimulating the property market. However, The New York Times notes that this year, Beijing has been reluctant to act. There is no bailout plan for the real estate sector, which has been in crisis for over five years. This signals the end of the “Incremental Era” (增量时代, rapid expansion and new construction) and the beginning of the “Stock Era” (存量时代, managing and optimizing existing assets) (Zhao, 2025).

Professor Zhao Yanqing explains the root cause of this financial shift. Previously, the “Land Finance” model allowed local governments to lease land-use rights to developers at premium prices (Zhao, 2025). These revenues, often accounting for over 40% of local fiscal income, were then reinvested into critical public infrastructure—such as roads, high-speed rail, schools, and hospitals. This infrastructure spending further appreciated the value of surrounding land, allowing governments to use that land as high-quality collateral to issue further debt (Chengtou bonds) for continued expansion, thus creating a cyclical economic boom (Chen et al., 2023).

However, this mechanism relies on continuous growth. Now that housing demand has peaked and land values are falling, this model is broken. This creates a dangerous situation where “everyone is frantically selling off fixed assets” because they lack confidence in the future (Wakabayashi & Chien, 2025).

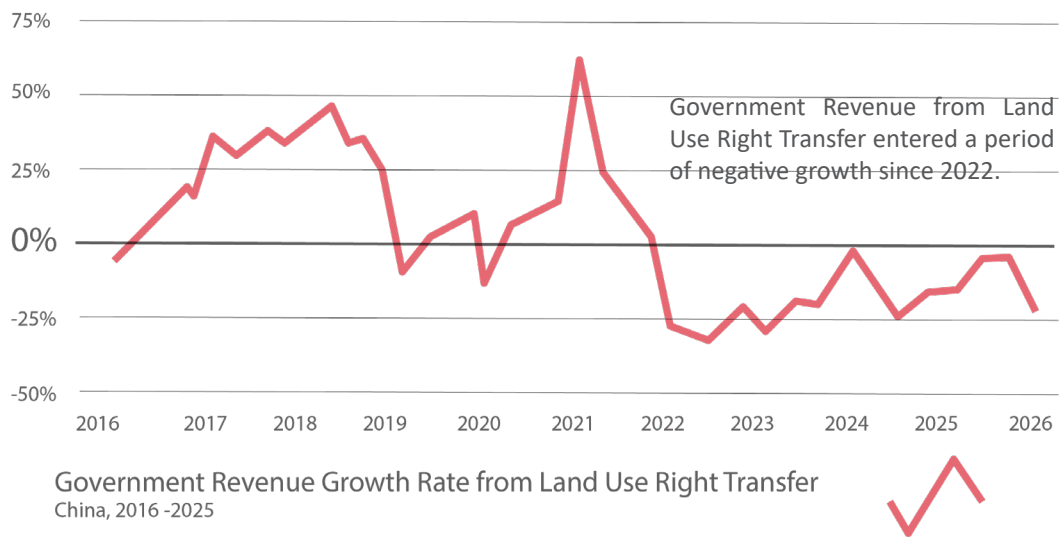


Figure 2: Government Revenue from Land Use Right Transfer (2016-2026)
Source: Macromicro. (2026)

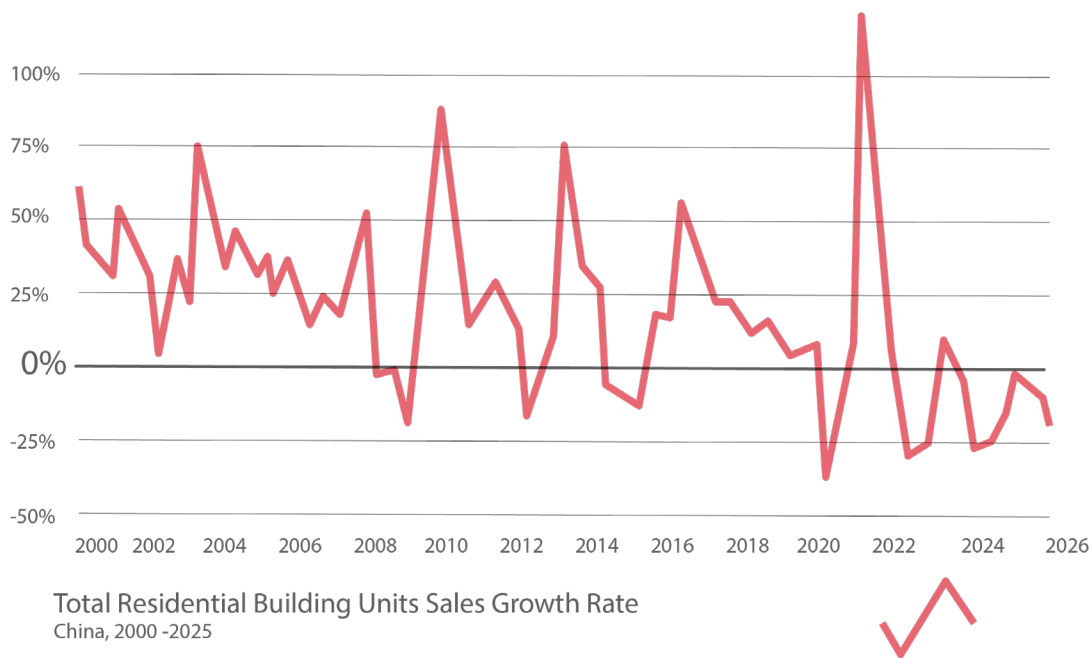


Figure 3: Total Sales of Residential Building Units (2001-2026)
Source: Macromicro. (2026)

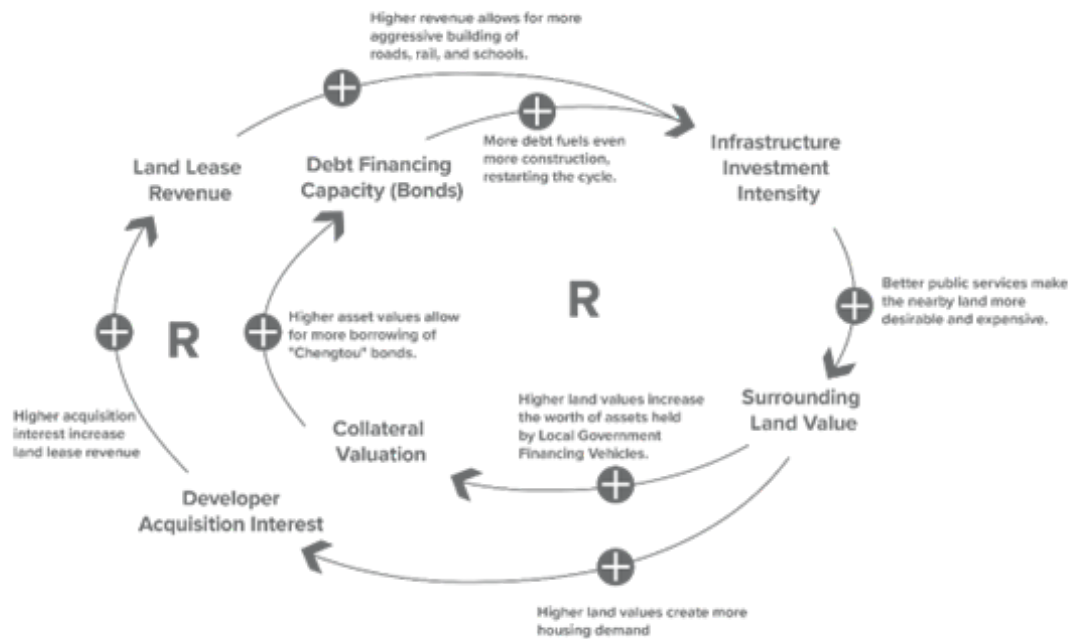


Figure 4: Causal Loop Diagram illustrating the "Land Finance" model in Incremental Era.

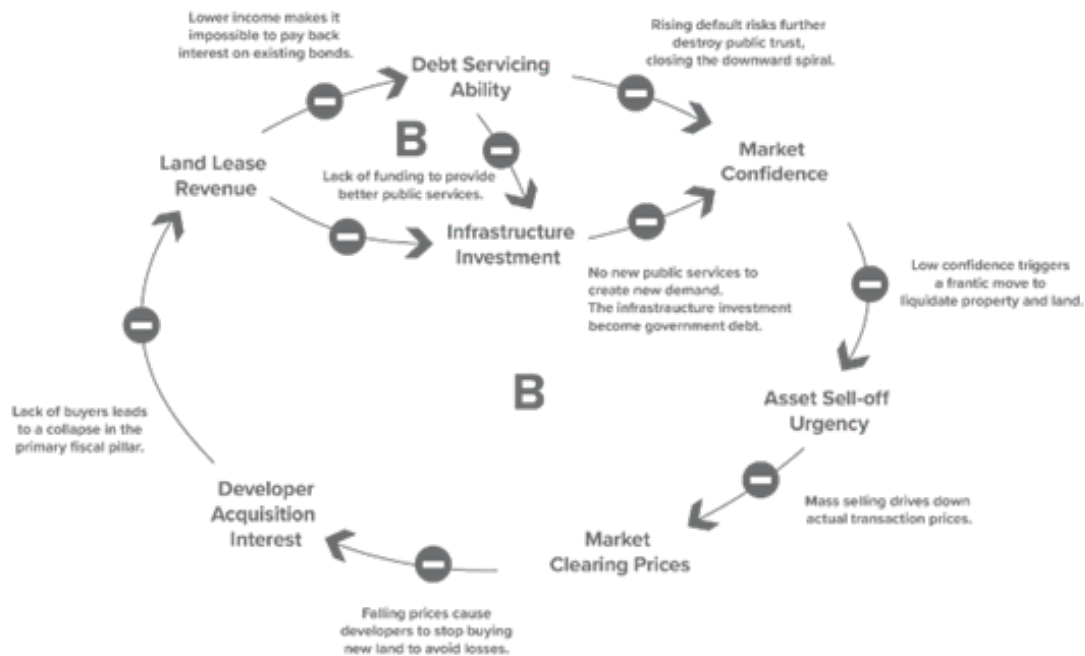


Figure 5: Causal Loop Diagram illustrating why the "Land Finance" model failed in Stock Era.

2.2 The Complexity of Urban Regeneration

As the focus shifts to regenerating existing buildings, developers face challenges that are much more complex than building new projects. Luzi (2023) argues that urban regeneration is a “non-standard” business.

Unlike new construction, which follows a set pattern, regeneration involves dealing with complicated existing structures, conflicting stakeholder interests, and strict government regulations.

Successful regeneration requires a project operator to be a multidisciplinary expert. They must be able to negotiate with the government for policy support, manage architectural design to control costs, and handle commercial operations to ensure profitability (Luzi, 2023).

The case of the Enning Road Heritage District illustrates these difficulties. Yu (2025) describes how this project tried to balance heritage preservation with commercial profit. However, these projects often suffer from “scattered positioning” and conflicts between different groups. The government wants to improve the city’s image, companies want profit, and original residents want compensation or jobs. Balancing these competing needs requires a systemic approach, not just a good design drawing.

A critical gap in current literature is the distinction between quick sale model and long-term operation model. Traditional literature focuses on macro and external complexity of the regeneration process—a transformational relationship controlled by the developers and governments. However, the Stock Era requires a role best described as a community animator. Unlike a traditional landlord, a community animator is an entity responsible for active placemaking, ongoing event curation, and fostering social connections between tenants and visitors. This role moves from physical maintenance to managing and programming the space—ensuring it remains a living destination. In this model, the project’s success is measured not by the initial sale price, but by its long-term business activity, social vitality and its ability to adapt to the evolving lifestyle needs of its users.

2.3 The Resilience Imperative and Consumer Behaviour

As a result of the above, the focus must shift to business resilience. Nauck et al.(2021) states that companies must move beyond just looking at short-term financial reports but requires a balanced focus on six dimensions:

1. Financial Resilience: This goes beyond mere profitability. It focuses on maintaining a solid capital position and high liquidity to weather sudden revenue drops, credit tightening, or the long payback periods typical of holding and operating assets in the Stock Era.
2. Operational Resilience: This represents a firm's ability to maintain its core functions during disruptions. In the context of regeneration, it involves building robust leasing and operational ability internally or externally.
3. Technological Resilience: This involves the use of technology to maintain capacity. For a community animator, this includes leveraging technology or digital platforms to manage tenant relations, energy efficiency, and community building.
4. Organizational Resilience: This emphasizes agile decision-making and the retention of diverse talent. It requires a corporate culture that can pivot quickly, to ensure the team has the multidisciplinary skills—from design to commerce—to manage the shift.
5. Reputational Resilience: This requires aligning corporate actions with stakeholder values, particularly regarding ESG (Environmental, Social, and Governance) commitments.
6. Business-model Resilience: Perhaps the most critical for urban developers, this is the ability to pivot portfolios and strategies in response to structural shifts. It involves moving away from the legacy quick-sale model toward adaptive strategies that respond to new customer demands.

Understanding the future consumer is essential for addressing the business-model dimension. McKinsey (2021) highlights that Chinese consumption is becoming more segmented. However, the core issue is not merely spending power but consumer confidence. Chinese consumers have historically viewed real estate as the ultimate savings vehicle, having never experienced a prolonged down-cycle in the property market. Now that the market is declining, their willingness to spend has plummeted even where capacity exists, as society adjusts to this unprecedented cyclical downturn.

This behavioural shift is deeply rooted in the differing historical trajectories of global real estate markets. As illustrated in Figure 6, Western markets have experienced boom-and-bust cycles (e.g., the 2008 financial crisis). These cycles have conditioned both Western consumers and developers to navigate cyclical resilience. In contrast, China's real estate market has experienced a nearly uninterrupted 30-year upward trajectory. The current crisis represents the first major, prolonged down-cycle for modern Chinese consumers. This lack of cyclical memory explains the sudden, severe drop in consumer confidence and the precautionary savings paradox: society is abruptly adjusting to a cyclical reality it has never previously encountered.

Therefore, developers cannot simply build it and they will come; they must curate it and they will stay. This reinforces the need of community building over the construction.

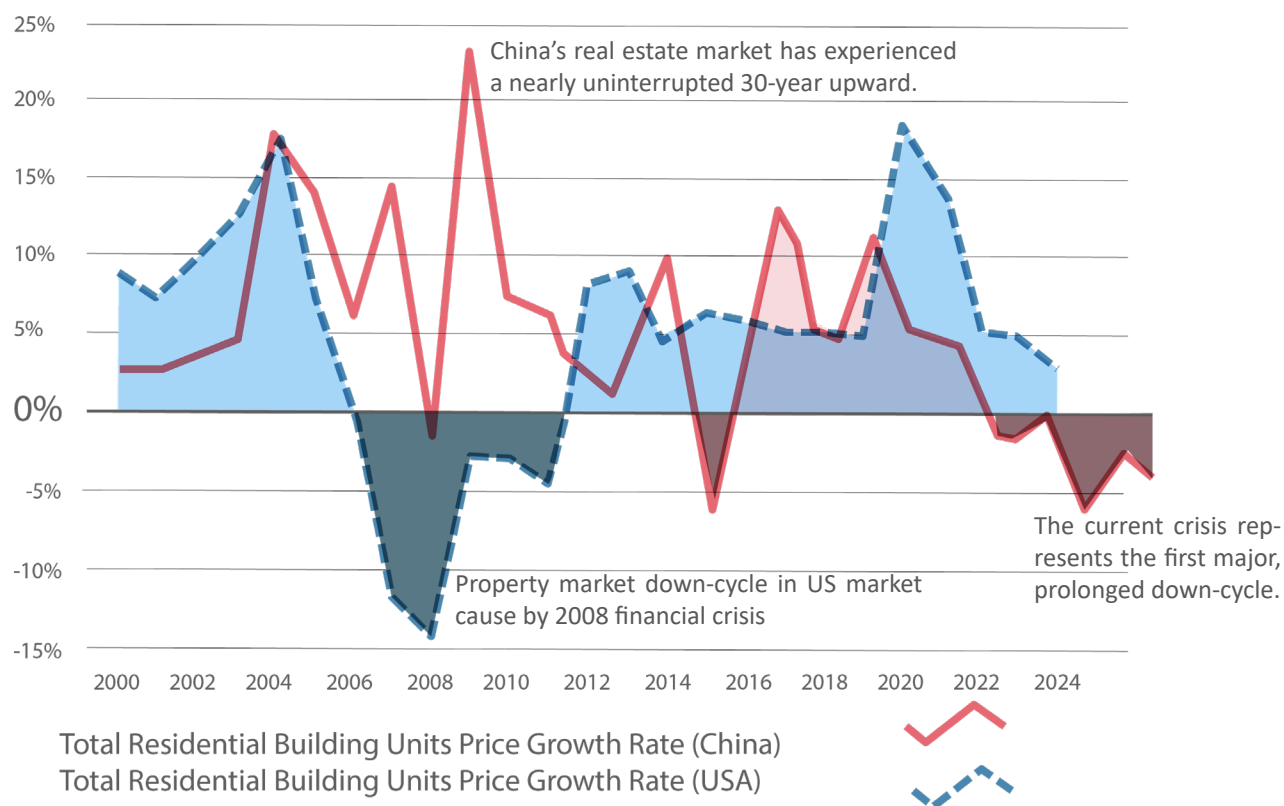


Figure 6: Historical real estate cycles in China vs the USA.

Sources: S&P Dow Jones Indices (2026); National Bureau of Statistics of China (2026).

2.4 Strategic Foresight: A Tool for Uncertainty

To navigate this uncertainty, traditional market research is not enough. Traditional research looks at historical data, but as historical data proves, the past 30 years of growth are no longer a guide to the future. This necessitates the use of strategic foresight.

Strategic foresight has a rich history, originating in post-WWII military war games before being pioneered for corporate strategy by Royal Dutch Shell in the 1970s (Roxburgh, 2009). Rather than seeking to predict a singular, definitive future, strategic foresight employs a structured methodology to explore a spectrum of plausible outcomes. In doing so, it serves as a critical safeguard against groupthink and the cognitive bias of linear extrapolation—the human tendency to assume the future will merely be a continuation of the past (Roxburgh, 2009).

The foundation of this process is horizon scanning. Choo (1999) defines scanning as the systematic acquisition and use of information about events, trends, and relationships in an organization’s external environment. Modern applications, such as those outlined by the UN Global Pulse (2022), emphasize searching for “weak signals”—novel, timely indicators that are not yet mainstream but possess the potential to create disruptive future impacts.

To understand the root causes of complex issues rather than merely treating surface-level symptoms, foresight employs Causal Layered Analysis (CLA). Developed by Inayatullah (2004), CLA deconstructs problems across four depths: the visible Litany (day-to-day surface issues and quantitative complaints), Systemic Causes (social, economic, and political structures), Worldviews (deeper cognitive and ideological paradigms), and Myth/Metaphor (unconscious, emotional, and cultural narratives). Academically, CLA prevents organizations from adopting superficial fixes by forcing them to confront the underlying structural and cultural drivers of a crisis.

Scenario planning is employed to synthesize these variables into coherent future narratives. As Wilkinson (1995) and Roxburgh (2009) note, effective scenario planning involves identifying predetermined outcomes (e.g., demographic shifts) alongside critical uncertainties. By crunching these uncertainties, organizations can develop distinct, challenging scenarios that test the robustness of their current strategies against extreme, yet plausible, future shocks.

Finally, to manage the transition between current realities and these future scenarios, foresight utilizes the three horizons framework (Sharpe, 2020). Originally developed to map macro-level societal and

technological transitions, the Three Horizons framework visualizes three overlapping curves: Horizon 1 (H1) represents the dominant current system that is losing its fitness for purpose; Horizon 3 (H3) represents the emerging visionary future; and Horizon 2 (H2) represents the transitional innovations and entrepreneurial disruptions that bridge the gap. Academically, this framework provides a structured way to manage the tension between keeping the lights on (H1) and building the future (H3).

2.5 The Missing Link: From Vision to Viable Operations

The foresight methodologies —horizon scanning, scenario planning, Three Horizons—originated in large-scale organizational contexts. The UNDP Foresight Playbook (2022) targets national development agencies; Arup’s 2050 Scenarios address infrastructure policy over multi-decade timelines. While methodologically robust, these frameworks assume dedicated foresight teams, extended research periods, and substantial budgets—resources unavailable to regional developers managing a (re)position of a stalled commercial project.

Furthermore, existing corporate foresight literature rarely addresses the micro-level, day-to-day friction between different organizational departments during a crisis. In the transition to the Stock Era, a profound cognitive gap emerges between the builder mindset and the community animator mindset. Design teams often prioritize spatial narrative and long-term aesthetic value. In stark contrast, operational and leasing teams are bound by strict, short-term constraints: spatial volume, yield per square meter, and immediate debt repayment. When these two groups attempt to collaborate, their differing professional vocabularies, incentive structures, and temporal horizons cause strategic paralysis.

This gap motivates the research’s methodological contribution: adapting established foresight tools into a compressed, lightweight format that functions as a boundary object.

The concept of boundary objects, introduced by sociologists Star and Griesemer (1989), describes artifacts—such as diagrams, maps, or standardized matrices—that allow different groups to collaborate effectively without requiring them to share the exact same professional consensus. A successful boundary object is “plastic enough to adapt to local needs and the constraints of the several parties employing them, yet robust enough to maintain a common identity across sites” (Star & Griesemer, 1989, p. 393).

In this research, lightweight foresight tools (such as visual causal loop diagrams or the Three Horizons framework) are deployed as boundary objects in participatory workshops.

For instance, traditional CLA, with its dense post-structuralist terminology, is too heavy for a distressed real estate team. However, when adapted into a visual, lightweight Iceberg diagnostic tool, it acts as a powerful boundary object. It does not require developers to understand academic terms; instead, it provides a shared visual space where the day-to-day panic (the Litany) and the long-term vision (the Myth/Metaphor) can be mapped together.

The three horizons framework, when adapted as a lightweight visual map, directly addresses the futurity paradox. It does not force the leasing director to abandon their focus on immediate debt repayment, nor does it force the design director to give up their long-term aesthetic vision. Instead, it acts as a boundary object by providing a shared visual space where both realities coexist. This allows visionary design and pragmatic operations to constructively clash, negotiate trade-offs, and align on a unified strategic roadmap within a compressed timeframe.

Conclusion

The literature reveals a clear gap that the macro-economy is struggling (Wakabayashi & Chien, 2025), and the funding models are changing (Zhao, 2025). At the same time regeneration projects are complex and requires a mix of skills (Luzi, 2023; Yu, 2025). To achieve long term success, resilience is the only path forward (Nauck et al., 2021). There is no practical framework that helps commercial developers make the operational shift from builder to community animator. This research aims to fill that gap by creating a lightweight, actionable toolkit that addresses the specific development vs. operation capability gap.

Methodology

3.1 Introduction to the Research Design

To address the operational crises facing commercial real estate developers in China today, this study adopts an action research methodology. Action research is defined as a participatory, democratic process concerned with developing practical knowing in the pursuit of worthwhile human purposes (Reason & Bradbury, 2008). It means that the researcher does not simply stand outside and observe; instead, the researcher actively steps into the real-world business environment to facilitate interventions and solve actual problems.

In this study, the researcher occupies a dual role as both an academic and an industry practitioner with nearly 20 years of experience in real estate development. This dual identity enables the research to be tested and validated in actual business environments, ensuring practical relevance beyond theoretical exploration.

The research design is built on two main theoretical concepts: systemic design and strategic foresight. Systemic design is used to unpack the complicated relationships between different stakeholder groups—such as local governments, developers, and local residents. Strategic foresight is applied to help these stakeholders prepare for future uncertainties. Design thinking methods, including semi-structured interviews and co-design workshops, are employed to examine and validate the toolkit’s effectiveness.

Why is a Lightweight Approach Necessary?

Historically, strategic foresight tools have rarely been used in China’s real estate sector. There are three practical reasons:

First, during the past few decades, China was in the Incremental Era. During this time, the demand for housing and commercial spaces vastly exceeded supply. Developers could easily profit simply by building and selling properties quickly. With a rising market, developers faced little pressure to forecast long-term risks. Consequently, the industry became overly reliant on static feasibility studies and rigid tenant mix models. These traditional tools fail in the Stock Era because they are inherently backward-looking. They rely on historical comparables and assume linear market absorption rates. However, in a paradigm shift where historical growth models are broken, these comps are invalid. Furthermore, these traditional tools do not account for the futurity paradox; they map out a 10-year stabilized yield but offer no mechanism to navigate the 6-month debt repayment survival window that dictates actual operational decisions. They treat financial planning and spatial design as isolated silos, lacking the systemic integration required to navigate distress.

Second, as the industry transitions to the Stock Era, developers can no longer rely on building new projects and get quick return. Instead, they are stuck with existing buildings to upgrade or revitalize. Developers must learn how to operate these buildings, but they are still influenced by past habits and cannot easily dedicate the time or financial resources required for foresight consulting.

Third, and most importantly, developers currently face extreme debt repayment pressure. Because the economy has slowed down, many developers owe massive amounts of money to banks. They need to generate cash flow within a short period of time just to survive, leaving them with no energy to consider long-term futures.

As a result, it is important to recognize that it is high risk to develop in this transition to the Stock Era, as developers are facing real estate market shrink and economic uncertainties.

Traditional foresight methodologies, such as those used by Shell or the UNDP—often assume stable organizational conditions and multi-decade planning horizons. These heavy approaches do not match the short term cash flow constraints of distressed real estate assets. Therefore, it is essential to develop and test a lightweight and highly actionable strategic design method for the developers to navigate the strategic uncertainty.

Lightweight does not mean the research is simple or lacks academic depth. Instead, it means the tools must be highly efficient, easy for non-experts to understand, and capable of producing actionable decisions within a very short time (e.g., a two-hour workshop).

A lightweight approach in this study is defined by four characteristics:

High-impact, low-time-investment tools	Minimal prerequisite knowledge
Generating maximum strategic insight within a few hours of stakeholder engagement.	Using tools that non-specialists can understand without extensive training.
Facilitation-supported structure	Crisis-appropriate framing
Using a skilled facilitator (the researcher) to guide the process, rather than expecting stakeholders to learn and apply the tools independently.	Acknowledging the urgency of debt repayment rather than assuming ideal, pressure-free conditions.

As Sanders and Stappers (2014) note regarding participatory design, “The tools must fit the time available, not the other way around.”

3.2 Research Context, Timeline, and Ethical Compliance

3.2.1 Case Selection and Context

This research specifically focuses on developers who are holding commercial assets that need to be redeveloped or repositioned. These organizations face capability gaps: they are strong in residential construction but lack the multidisciplinary operational expertise required by the Stock Era (Luzi, 2023). Unlike multinational developers with in-house strategy departments, these firms cannot afford a full scope consulting engagement.

The researcher used purposive sampling (Patton, 2015) to select two real-world projects. These projects were chosen because they perfectly represent the struggles of the Stock Era.

The selection of samples based on:

Asset Adaption Development:

Mixed-use commercial retail developments involving adaptive reuse or repositioning, not greenfield construction.

Under Financial Pressure:

Projects facing the short-term cashflow vs. long-term / social value tension.

Facing a Decision Window:

Planning and design phase where foresight tools could influence outcomes.

Availability of Stakeholder Access:

key personnel willingness to participate in semi-structured interviews and co-design workshops.

Urban Context:

These projects are situated within China's city tiering system, specifically following the Ranking of Cities' Attractiveness in China published annually by Yicai Global. This system assesses 337 cities across five key dimensions—commercial resource agglomeration, hub connectivity, resident activity, new economy competitiveness, and future potential—to categorize them into six levels from Tier-1 to Tier-5.

Project V **Located in the outskirts** **of a Tier-2 city**

This is a massive, unfinished commercial district (over 100,000 square meters) located next to a lake. Originally, the developer planned to subdivide the development to small retail shops and sell them quickly to individual investors. However, the market crashed, and this “sell-it-fast” model failed. The developer is now forced to keep the property and figure out how to operate it long-term.

Project Z **Located in the old center** **of a Tier-3 city**

This is a smaller scale commercial block (under 10,000 square meters) with cultural preservation agenda. The developer is struggling to find a balance between protecting the cultural history and making enough money to survive.

This framework provides a strategic lens to understand the market pressures and development scales unique to each project site. (Yicai Global, 2025)

These projects are ideal laboratories for testing foresight -informed design methods because they both face deep market uncertainty, internal stakeholder misalignment, and urgent timeline pressures. These challenging conditions represent the contexts where adapted foresight tools could demonstrate value if they can prove effective anywhere.

3.2.2 Access and Ethical Protocols

It is important to note that the researcher navigated a dual role during this process. Acting as an academic researcher observing the efficacy of foresight tools, while simultaneously serving as an industry practitioner facilitating a real-world strategic workshop, the researcher negotiated access through an established consulting relationship with the leadership of both projects. This positioning as consultant-researcher created a dual-role engagement characteristic of action research:

Primary Role: **Strategic Consultant**

- Provide consultancy service for commercial redevelopment project
- Deliverable: Strategic design brief and operational recommendations
- Relationship: Professional service provider to client organization

Secondary Role: Academic **Researcher**

- Observing and documenting facilitation processes for MRP thesis
- Focus: Evaluating efficacy of lightweight foresight tools in crisis contexts
- Relationship: Participant-observer in naturalistic professional setting

All research activities, including both the semi-structured interviews and the co-design workshop, were conducted in strict compliance with the ethical guidelines approved by the OCAD University Research Ethics Board (REB #2024-239).

Informed Consent:

Before data collection, participants received bilingual (English and Chinese) information letters and consent forms. These documents clearly explained the research purpose, the procedures, and their right to withdraw from the study at any time without penalty. Written informed consent was obtained from all individuals before the interviews and the workshop commenced.

Confidentiality and Anonymization:

Given the commercial sensitivity of distressed assets, strict anonymization procedures were implemented. All projects, organizations, and individuals were assigned pseudonyms immediately after data transcription (e.g., “Project V”, “Participant A”). Exact geographical locations and specific financial data have been generalized in the published findings to prevent any breach of commercial confidentiality.

In strict accordance with REB protocols, data handling varied based on participant consent levels. While all participants were assigned pseudonyms to ensure anonymity, Participant A provided explicit written consent for their verbatim quotes to be published under their pseudonym. For all other participants, data has been strictly paraphrased and aggregated into thematic observations to ensure complete anonymity and confidentiality.

Data Security and Risk Mitigation:

Audio recordings and transcripts were stored securely on password-protected institutional cloud storage. The primary risk to participants—potential reputational damage from disclosing strategic vulnerabilities—was mitigated through this strict anonymization and by framing the findings around systemic industry challenges rather than individual organizational failures.

Research Timeline

The action research unfolded over a structured ten-month period, aligning with the natural strategic planning cycle of Project V.

Phase	Activity	Duration	Data Range
Orientation	Background research, Design Research Questions, MRP Proposal	2 months	Jul-Sep 2025
Exploration	Background research, Secondary Research, REB submission, Environment scan, Semi-structured interviews (n=3),	3 months	Sep–Dec 2025
Reframe	Refining and synthesizing, Validating and iterating on the initial research finding,	2 months	Dec 2025 – Feb 2026
Creation and Catalyse	Service Design Prototyping, Co-design workshop for Validation Conclude with a final output	3 months	Feb–Apr 2026

3.3 The Double Diamond Framework Adaptation

To navigate the organizational complexity of real estate development, this study adapted the double diamond framework developed by the Design Council (2019). Normally, this framework involves four steps: discovering the problem widely, defining the specific issue, developing many possible solutions, and delivering the final answer. It is a process of opening up your thinking (divergent) and then narrowing it down (convergent).

In this research, the traditional framework was deliberately compressed and accelerated to accommodate the temporal constraints of distressed assets. Instead of requiring developers to spend weeks exploring problems, the researcher conducted the extensive preliminary research beforehand. This turned

the framework into a fast, action-oriented tool focused on building consensus. This adaptation shifted the framework's primary objective from exhaustive exploratory research to rapid, consensus-driven sensemaking.

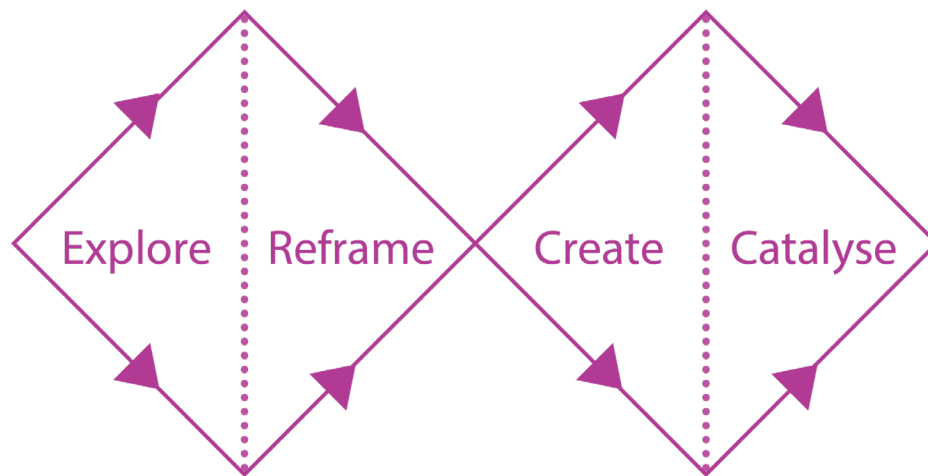


Figure 7: Double Diamond as a Systemic Design Toolkit (Design Council. 2019)

3.3.1 Pre-phase & Explore:

Horizon Scanning:

To understand future consumer trends without initiating a months-long corporate study, the researcher conducted an accelerated, AI-assisted horizon scan. Following the UN Global Pulse (2022) guidelines for identifying weak signals, the researcher extracted keywords from over 700 recent retail project review articles. The scan bypassed traditional macroeconomic reports, focusing instead on emerging socio-cultural behaviours. The data revealed a definitive paradigm shift: consumers are moving away from ostentatious material consumption toward emotional value, mental relaxation, and spiritual fulfilment. This is evidenced by the rising prominence of the 'Healing Economy' and 'Pet-Friendly' spaces.

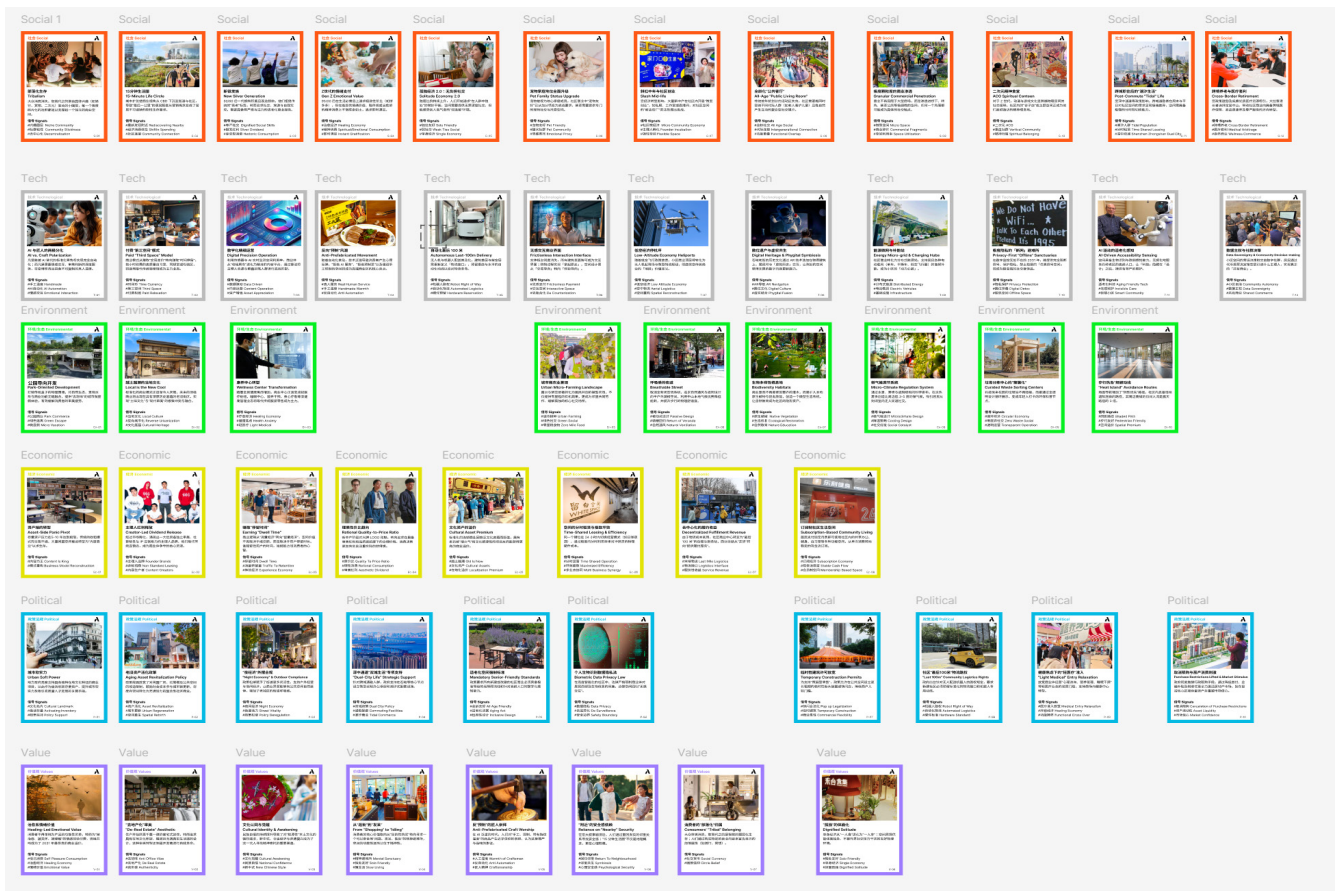


Figure 8: STEEP-V cards from Horizon scan.

(Key trends include Solitude economy, Micro space, Vertical community, Spiritual belonging/consumption, commute tidal life, Pet-friendly, Emotional value, Healing economy, Park oriented development, Reclaim authenticity, Co-creation mindset, Curatorial retail, etc.)

Semi-Structured Interviews:

To understand how these macro-trends and economic pressures affect actual projects, semi-structured interviews (60-80 minutes each) were conducted with four key stakeholders across Project V and Project Z.

The purposive sampling targeted individuals with direct operational or strategic authority. In project V, Participant Y (design leadership) translates strategic vision into spatial and programmatic frameworks, while Participant A (execution team) manages day-to-day design and construction progress. In project Z, Participant S (executive leadership) represented the long-term vision and financial structure, while Participant J (operational leader) represented daily operational execution. These interviews were crucial. They revealed a deep conflict (cognitive dissonance) between the leadership, who wanted to build beautiful, long-term destinations, and the project teams, who were anxious about surviving the next few months.

Initial Causal Layered Analysis (CLA):

Data gathered from the interviews and horizon scanning were synthesized using an initial Causal Layered Analysis (CLA) (Inayatullah, 2004). CLA is a foresight methodology that deconstructs surface problems into deeper causal layers, such as hidden systemic problems or underlying cultural myths.

However, traditional CLA has four complex layers and uses heavy academic jargon, it will request explanation and coaching for someone not familiar with foresight tools to use it. The participants had limited time and attention span for the workshop, and they do not have any academic background to understand this. Therefore, to keep the process lightweight, the researcher conducted the preliminary CLA analysis prior to the workshop, rather than requiring time-constrained participants to do so. Additionally, to make the tool lightweight and accessible, the traditional four-layer CLA was translated into everyday industry language using Daniel H. Kim's (1999) Iceberg model. This made it much easier for the developers to look at the iceberg and immediately understand the root causes of their problems, and in the same time can validate the effectiveness of CLA in development project.

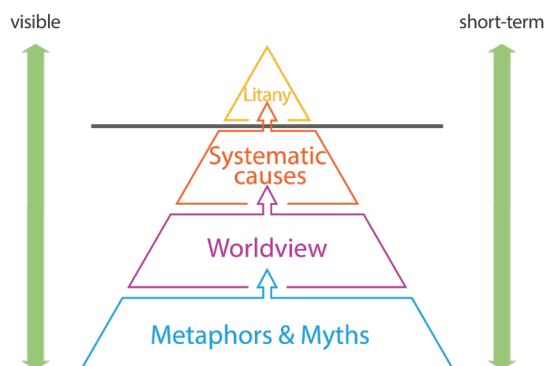


Figure 9: Causal Layered Analysis, adapt from Inayatullah (2004)

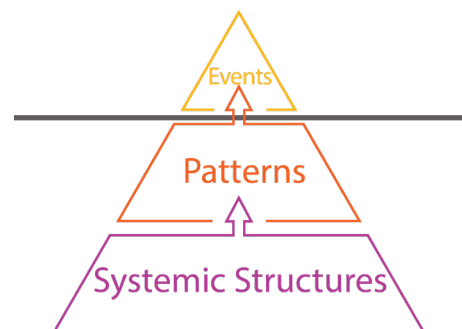


Figure 10: The Iceberg, adapted from Kim (1999)

3.3.2 Reframe: Making Sense of the Data

After collecting data from the environmental scans and interviews, the next step was the reframe phase. The goal here was to organize the messy, qualitative data into clear patterns. To do this, the researcher used two main methods.

First, building upon the macro-economic Causal Loop Diagram (CLD) introduced in Chapter 2.1, the researcher contextualized how the economic downturn has disrupted the land finance cycle, directly impacting the micro-level liquidity of the selected projects. A CLD is a visual tool that shows how differ-

ent factors affect each other in a system. For example, the diagram illustrated a vicious cycle in today's market: falling property sales led to a lack of cash flow for developers, which means they cannot invest in good operations, which results in empty commercial spaces, further driving down the value of the entire property.

Second, the researcher used the KJ Method (Affinity Mapping) to analyze the transcripts from the semi-structured interviews. Developed by Jiro Kawakita, the KJ method is a bottom-up technique used to reduce large amounts of qualitative data into meaningful categories by recognizing common groupings (Hessing, n.d.). Instead of imposing a preconceived framework, the researcher extracted specific quotes and observations (data points) onto digital sticky notes. For instance, the researched extracted key data points from the transcripts indicate the design team's high confidence in physical spatial construction quality while participant A warn us, "Without good operations, the space is just an empty shell." These data points were subsequently grouped together under a core theme: core operational dilemma - The capability gap between the legacy builder mindset and the required community animator' role. This inductive process revealed six major thematic clusters across the two projects:

1. Legacy Context and Initial Drivers
2. Breakdown of Traditional Models
3. Shifting Consumer Paradigms
4. Core Operational Dilemma (Capability Gap)
5. Future Vision and Weak Signals
6. Organizational and Systemic Risks

The analysis brought together learnings from the literature review, the macro-economic background, and the findings from individual interviews.



Figure 11: KJ Method -sample of Thematic Clustering of data points (Hessing, n.d.)

3.3.3 Create & Catalyse: The Co-design Workshop Intervention

In the create phase, the research insights were translated into a lightweight strategic foresight toolkit. Participants in real estate project team generally lacked the time and resource for a full foresight process, they usually under extreme time constraints. It is not possible to ask them to learn complex academic theories. Instead, the researcher designed the tools to be highly visual, easy to understand, and capable of being executed within a single, two-hour co-design workshop. By doing so, the traditional three horizons framework was compressed into a short-term roadmap to operationalize the concept of phased resilience. This adaptation allowed participants to map immediate traffic-generating tactics in the first horizon to ensure survival, without abandoning their long-term brand aspirations in the third horizon.”

These tools functioned as boundary objects (Star & Griesemer, 1989). A boundary object is a simple artifact—like a chart or a map—that helps people from different departments (such as the design team and the leasing team) communicate and negotiate without needing to use each other’s professional jargon.

The Catalyse phase culminated in this two-hour workshop with the key decision-makers of Project V. The workshop was not a presentation of research findings; it was an active intervention designed to force strategic trade-offs. The toolkit included five specific exercises:

3.3.3.1 The Iceberg Diagnosis (Simplified CLA):

To help the stakeholders make sense of the interview and scanning data, the researcher needed a tool to expose root causes. While methodologies like Causal Layered Analysis (CLA) are effective, their academic terminology (Litany, Episteme, Myth) is too dense for a two-hour corporate workshop. Instead, the researcher adapted Daniel H. Kim’s (1999) Iceberg model of systems thinking. The purpose of the Iceberg diagnosis shifted from problem finding to alignment and validation. As mentioned earlier, the researcher compressed the CLA into a simple, three-layer Iceberg diagnosis. The top of the iceberg showed the visible symptoms (e.g., “We cannot find tenants”). The bottom of the iceberg revealed the hidden root causes (e.g., “We have a strict debt repayment deadline” and “We lack operational skills”).

By translating the research data into this lightweight visual format prior to the workshop, the researcher provided a ready-made boundary object. During the workshop, the developers could look at the iceberg and immediately shift their focus from reacting to surface-level events to redesigning their underlying systemic structures.

3.3.3.2 Dual-Perspective Experience:

This tool was designed to expose the capability gap. It is an adaptation of a traditional customer persona exercise. The researcher asked the participants to map out a perfect day for a customer (the demand side). Then, the researcher guided them to map out exactly what operational services, staff, offer and events would be needed to support that perfect day (the supply side). This exercise exposed a reality: they had designed beautiful architecture, but they completely lacked the operational skill to fulfil expected requirement from future customers.

3.3.3.3 The 2x2 Scenario Matrix:

To determine a realistic business model, the researcher facilitated a 2x2 Scenario Matrix exercise. Drawing on Roxburgh's (2009) rule of thumb to "crunch the quadrants," the researcher identified two critical, independent uncertainties from the KJ analysis: Target Audience (Local Community vs. Regional Destination) and Operating Model (Self-Operated vs. Outsourced/Joint Venture).

Plotting these variables created four distinct possible futures. By visualizing these scenarios, the team immediately recognized that the "Self-Operated Regional Destination" quadrant carried catastrophic financial risk given their lack of operational capabilities. This tool forced a rapid, evidence-based consensus to pursue an Outsourced/Joint Venture model.

3.3.3.4 Vision Statement (Cover Story):

Once the team aligned on the business model (via the 2x2 matrix) and understood their operational gaps, they needed a compelling narrative to attract these external partners. Building upon the foundational vision established during the Iceberg Diagnosis, participants collaboratively crafted a Cover Story. This exercise translated their abstract vision into a specific, localized, and communicable brand identity designed to recruit target tenants and engage future consumers.

3.3.3.5 Resolving the Futurity Paradox - Three Horizons:

Finally, to resolve the temporal conflict between short-term debt and long-term vision, the researcher utilized the Three horizons framework (Sharpe, 2020). Traditional foresight timelines, which often span decades, were deliberately compressed to fit the crisis context:

Three horizons (Sharpe, 2020) have been deployed to address the futurity paradox—the conflict between needing cash immediately and wanting to build a long-term brand. The researcher compressed

the traditional, multi-decade three horizons framework into a short-term, actionable roadmap.

- **Horizon 1 (H1) 0-to-3-year.**

Focus on survival, generating immediate cash flow via pragmatic, mass-market programming (e.g., a waterpark) to satisfy debt obligations.

- **Horizon 2 (H2) 3-to-5 years.**

Focus on capacity building, gradually introducing external Joint Venture partners to build operational capacity.

- **Horizon 3 (H3) 5-to-10 years.**

Fully realizing the visionary “Tech-Spillover” spiritual destination.

This tool allowed the team to connect their immediate survival tactics with their long-term ideals, creating a phased action plan that everyone agreed upon.

It is important to emphasize that this workshop was not a presentation of research findings, but an active intervention intended to catalyze real world commercial decisions and validate the efficacy of the lightweight toolkit in a high-pressure business environment.

Research Findings

As an industry practitioner facilitating this action research, the goal was to observe how a lightweight foresight toolkit could help a real estate team navigate a real-world crisis.

This chapter presents the research findings from the commercial redevelopment case study. Project V serves as the primary research subject to evaluate the effectiveness of the lightweight strategic foresight methodology in current crisis environment. The selection of this project reflects the purposive sampling criteria outlined in Chapter 3. It unveils findings from the development logic of the Incremental Era (focusing on rapid construction) to the operations-centric demands of the Stock Era (focusing on long-term asset management).

Project V represents a large-scale redevelopment of a stranded asset. Located in the suburbs of a Tier-2 city in eastern China, adjacent to an airport, it comprises over 100,000 square meters of unfinished commercial street space within a larger cultural and tourism development. Conceived during the final stages of China's real estate boom, the kick off of this redevelopment project was initially designed towards a traditional, high-turnover retail development based on strata-title sales (selling individual commercial units to private investors for quick cash return).

However, the rapid market collapse made this business strategy not feasible, marking the definitive arrival of the Stock Era. The project was left highly vulnerable: a partially completed asset burdened with historical debt, suffering from a remote location, and lacking foot flow in the catchment area.

Through the joint efforts of the developer and the consulting team, the project's spatial foundation was significantly improved. Yet, the feasibility of commercial leasing and operations remained severely in doubt. This contrast is a perfect example of the capability gap identified in the literature review.

Project V is a representation of the capability from a typical developer organization. The company possesses solid capabilities in spatial planning, architectural design, and construction delivery. However, it critically lacks an organizational structure optimized for retail operations, content curation and community animation.

While internal stakeholders clearly recognize that the traditional real estate model is outdated and understand the need for long-term asset appreciation, they are simultaneously stressed by the short-term financial pressures inherited from the Incremental Era. This highlights a profound systemic lag: although awareness has shifted, the complex system of organizational structure, mindset, financial models, and operational capabilities cannot transform quickly enough to meet the new market reality.

Ultimately, this chapter will demonstrate how the foresight intervention provided a creative solution for this transitional era, successfully decoupling the short-term survival pressures (Horizon 1) from the long-term strategic vision (Horizon 3).

4.1 The Futurity Paradox: Visionary Ideals vs The Debt Repayment Constraint

Thematic analysis of the interview data using the KJ Method confirmed that the macro-economic challenges of the “Stock Era” directly cause operational difficulties at the project level. The research revealed that the decision to restart stalled projects, such as Project V, is rarely driven by natural market demand. Instead, it is often forced by external pressures, such as local governments requiring developers to finish abandoned buildings to improve the city’s image.

Once forced to restart, these projects face a real internal constraint: debt repayment. In the current Chinese real estate market, debt repayment is not just a financial term; it is a daily survival battle. Developers must generate immediate cash flow to pay bank interest and construction costs. Consequently, they lack patient capital—the financial ability to wait several years for a commercial community to mature and become profitable. During the workshop, the simplified CLA (presented as the Iceberg Diagnosis) played a crucial role in exposing this paradox. While the bottom of the iceberg revealed the harsh, hidden constraint of debt repayment, the exercise also brought the team’s underlying aspirations to the surface. It was during this initial diagnosis phase that the stakeholders explicitly acknowledged their shared desire to build a project with a strong spiritual core—a long-term cultural landmark, rather than just another generic mall.

This foundational vision immediately clashed with their financial reality. This intersection of external debt mandates and internal visionary ideals births a profound futurity paradox. The organization is torn between protecting the long-term brand (which requires patience) and generating cash for the next six months (which requires immediate, often low-end, tenant acquisition)."

This lack of time and money creates the futurity paradox within the organization. The paradox is the conflict between long-term visionary goals and short-term survival needs. During the interviews, it became clear that executive leadership often envisions the project as a long-term cultural landmark. For example, the leadership team hoped the project would eventually become an “urban oxygen bar” that provides high-quality social value to the city.

However, the leasing and operations team, who face the daily pressure of debt repayment, strongly disagreed with this slow, idealistic approach. Participant A, a core member of the design and feasibility team, clearly expressed this anxiety: *“I know the project will be very good ten years later, ...but by the*

end of the year if I haven't seen a very good signing rate and I haven't had very good rent, then where will the money for 2027 come from?"

This temporal mismatch paralyzes strategic planning. The organization is torn between rejecting low-quality tenants to protect the long-term brand and accepting any tenant just to generate cash for the next few months. The empirical data revealed that the absolute constraint of debt repayment

4.2 The Capability Crisis: From Builder to Community Animator

The second major finding is a capability gap within the development team. During the Incremental Era of the past two decades, developers succeeded by acting as builders. Their primary skill was designing and constructing physical spaces quickly. They simply sold the concrete shells and rarely had to manage the businesses inside. However, in the “Stock Era,” developers must retain ownership and operate the assets. This requires them to become community animators—professionals who can curate engaging content, organize cultural events, and maintain relationships with high-quality tenants.

The interview data showed that the team was unconsciously aware of this weakness. For instance, the Design leadership evaluated the project’s architectural foundation very highly, giving it a 4.5 out of 5. However, when assessing the actual prospect of successfully leasing the commercial spaces, the leader’s confidence dropped significantly to a 2 out of 5. Participant A explicitly summarized this danger, stating: “Without good operations to drive good content, the space just becomes an empty shell.” This contrast is a perfect example of the capability gap between the builders and the community animators. To make this hidden capability gap visible to everyone, the researcher used the Dual-Perspective Experience mapping tool during the co-design workshop. This tool is an adaptation of a standard customer journey map. First, the researcher asked the participants to design a perfect day for a target customer visiting the project (the Demand side). The team easily imagined a vibrant scene with families enjoying outdoor sports and aesthetic coffee shops.

Next, the researcher guided the team to map out the back-stage leasing and operations required to make that perfect day happen (the Supply side). The team was required to identify the specific retail mix, activities, and management services necessary to support the target demographic.

This exercise immediately exposed the harsh reality. The visual map showed a massive gap between the beautiful physical space they had designed and their complete lack of operational readiness to facilitate the experience. The participants realized that building a waterpark is easy, but they did not have the internal team or the experience to find the right shops and restaurants who share same value and

vision to support the whole day journey. The tool successfully forced the builders to confront their lack of operation skills.

4.3 Confirming the Business Model: The 2x2 Scenario Matrix

Following the realization of their operational capability gap during the Dual-Perspective exercise, the project team needed to determine a realistic business model. To facilitate this decision, the researcher introduced a 2x2 Scenario Matrix.

In traditional real estate planning, a 2x2 matrix is often used to determine competitive positioning (for example, mapping price against quality). However, for a stranded asset that is already under construction, the tool had to be adapted to solve operational survival. The matrix used in this workshop mapped two critical variables identified during the preliminary interviews. The horizontal X-axis represented the target audience (ranging from serving the immediate Local Community to becoming a broad Regional Destination). The vertical Y-axis represented the operating model (ranging from entirely Self-Operated by the developer to an Outsourced/Joint Venture approach).

This visual tool mapped out four distinct future scenarios, each with clear risks and rewards. Because the participants had just confronted their lack of operational capabilities in the previous exercise, their reaction to the matrix was swift and decisive. By translating abstract business anxieties into explicit visual quadrants, the matrix allowed the team to easily see the fatal weakness in three of the scenarios.

Notably, the team almost instinctively rejected the idea of a self-operated - regional destination. The participants clearly understood that attempting to build an internal operations team from scratch to manage a massive 100,000-square-meter commercial district would require an insurmountable learning curve. Furthermore, it would pose a catastrophic financial risk that their current debt repayment pressures could not support.

Without hesitation, the team selected the Outsourced/Joint Venture model targeting a regional audience as their preferred scenario. This rapid consensus marked a profound shift in the developer's organizational identity. They officially abandoned the traditional mindset inherited from the Incremental Era, where developers tried to control and profit from every aspect of a project internally. Instead, they embraced the role of a community animator. They acknowledged that to achieve their ambitious vision,

they must partner with external professional operators to compensate for their own capability gaps and to share the financial risks.

While this 2x2 matrix exercise did not immediately solve their short-term cash flow pressures, it successfully established a clear strategic direction. It explicitly defined where the project needed to go (a regional destination) and how it would get there (through external partnerships). This crucial decision laid the necessary groundwork for the subsequent visioning and timeline exercises.

4.4 Grounding the Vision: Contextualizing Macro-Trends to Local Realities

As established during the initial Iceberg diagnosis, the project team had already aligned on their foundational desire to build a destination with a strong spiritual core. Furthermore, the 2x2 scenario matrix had dictated their business model: they must partner with external professional operators. The next critical challenge was communication: How could the team translate their abstract Spiritual Core into a compelling, specific narrative to attract these external joint-venture partners?

To solve this, the researcher introduced the cover story exercise. This tool required participants to design a future magazine cover about their project, forcing them to package their abstract ideals into a concrete, marketable brand identity.

During this packaging process, a significant debate emerged regarding which macro-trend to leverage. Participant A advocated for packaging the project as a slow-paced, highly aesthetic community similar to the famous Aranya development. Aranya is a renowned coastal development in China that transformed from a struggling real estate project into a premier lifestyle brand and cultural landmark. It is famous for its focus on emotional value and community belonging, successfully targets wealthy retirees and families. Conversely, the Design Leader argued for a high-energy, sports-focused packaging, aimed at attracting young digital nomads.

Crucially, the workshop facilitation prevented the team from blindly copying these external benchmark models. Instead, the participants began to critically filter these popular concepts through the specific

geographic and economic realities of their Tier-2 suburban location. The Design Director objectively pointed out that their specific city lacks a natural influx of global tourists or pure freelance artists. However, the city is a major national hub for scientific research and technology manufacturing.

This systemic sensemaking led the team to a highly localized consensus. They synthesized a unique cover story centered around the concept of Tech-Spillover. They concluded that their target demographic should not be generic tourists, but rather the highly educated scientists, engineers, and flexible tech-workers emerging from the nearby national research facilities.

By utilizing the cover story exercise, the lightweight foresight toolkit successfully grounded the team's abstract vision. It transformed generic, imported trends (like post-material emotional consumption) into a highly contextualized, actionable brand narrative (Tech-Spillover). This specific narrative provided exactly what the team needed: a clear, localized pitch to recruit the external operators identified in the previous 2x2 matrix phase.

4.5 Resolving the Futurity Paradox: The Three Horizons and the Decoupling Strategy

While the team had established their business model and long-term vision, they still faced the immediate futurity paradox: the conflict between needing cash within six months to repay debts and wanting to build a high-end tech community over ten years.

When the compressed three horizons framework was introduced in the workshop, it successfully resolved this paralysis. The findings showed that visualizing the three distinct timelines allowed the conflicting stakeholders to invent a decoupling strategy.

- **Horizon 1 (H1) 0-to-3-year.**

The first 0-to-3-year, focusing entirely on generating immediate foot traffic and cash flow to satisfy debt obligations.

- **Horizon 2 (H2) 3-to-5 years.**

The 3-to-5-year period, focusing on building internal capacity and gradually introducing external Joint Venture partners.

- **Horizon 3 (H3) 5-to-10 years.**

The 5-to-10-year period, fully realizing the “Tech-Spillover” spiritual destination.

By mapping their actions across the three horizons, the team realized they did not have to compromise their long-term vision to survive the short term. The design director agreed to allow low-end, mass-market programming (such as a family waterpark) in H1 to generate the immediate cash flow demanded by the leasing team. In return, the leasing team agreed that the physical architecture would be built to the uncompromising, flexible standards required for the H3 tech-spillover vision.

The three horizons map acted as the ultimate boundary object. It proved that lightweight foresight can successfully align conflicting departments, allowing them to rationalize short-term survival tactics without sacrificing their long-term ideals. This finding confirms that foresight can be effectively integrated into real estate crisis management without causing process delays.

The lightweight toolkit, includes:

1. the Iceberg (Simplified CLA) for diagnosis and vision alignment
2. the dual-perspective experience to expose the capability limitation
3. 2x2 scenario planning to find the positioning and business model
4. cover story to ground the vision and attract customers as well as tenants sharing same value
5. Three Horizons to find the strategy bridge now (H1-Survival) to the preferred future (H3 -Vision)

This research demonstrates that these lightweight visual artifacts functioned as effective boundary objects. A boundary object provides a shared space that allows different departments to negotiate conflicting priorities. By externalizing the hidden debt pressures and forcing pragmatic trade-offs, the toolkit catalyzed rapid executive consensus. It allowed the design and leasing teams to rationalize short-term survival tactics without sacrificing their long-term ideals, proving that foresight can be successfully integrated into crisis management without causing process delays.

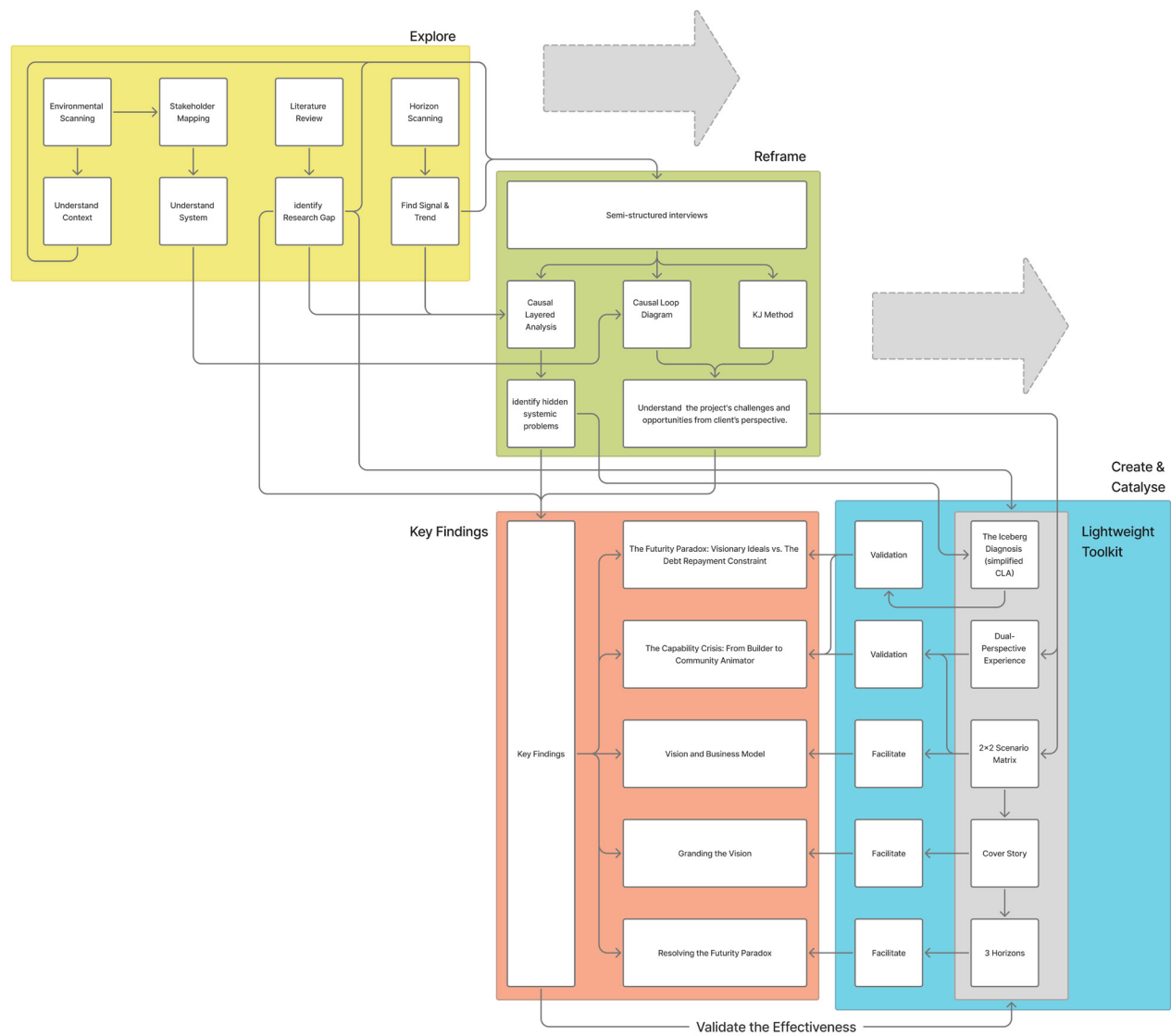


Figure 12: Adapted Double Diamond Framework in the Research

Conclusion

This final chapter brings together the findings from the action research to answer the original research questions. It also explains the theoretical contributions of this study, discusses what these findings mean for real estate developers in China, and points out the limitations of the research.

Summary of Key Findings

The primary objective of this research was to evaluate how a lightweight strategic foresight toolkit could help commercial real estate developers navigate the transition from the Incremental Era to the Stock Era. The findings from the workshop intervention provide clear, direct answers to the primary research question and the three secondary questions established in Chapter 1.

The primary research question asked how a commercial redevelopment project can apply foresight and systemically grounded design methods to mitigate financial risk while generating long-term strategic value. The research found that the most effective way to achieve this balance is through a decoupling strategy. The workshop demonstrated that trying to achieve both goals simultaneously often leads to strategic paralysis. Instead, by decoupling the physical space from the operational content. They decided to construct the physical buildings to high aesthetic standards to serve their long-term vision. However, to survive the immediate financial crisis, they agreed to temporarily downgrade the tenant requirement. They chose to introduce mass-market, family-friendly tenants in the first six months to generate fast cash flow. This separation allows the project to survive the short-term crisis while protecting the long-term value of the asset.

Addressing the second research question concerning the transition from a builder mindset to a community animator role, the study identified debt repayment as the absolute systemic constraint. This financial pressure creates the futurity paradox, forcing developers to prioritize immediate survival over long-term community building. This internal conflict between long-term ideals and short-term survival is the biggest barrier to balancing strategic goals. Furthermore, the research revealed that developers cannot simply become community animators overnight because they lack the necessary operational skills. The successful transition requires them to acknowledge their internal capability gaps. As demonstrated in the workshop, they must partner with external professional operators to share financial risks and manage the commercial content.

The third secondary question asked how lightweight, practical foresight tools can be integrated into early-stage framing without creating process delays.

The workshop proved that this integration is highly effective when the tools act as boundary objects. In a real business crisis, no one has the time or patience to read a thick foresight report. By turning complex academic theories into simple visual charts, like the iceberg diagnosis and the 2x2 scenario matrix, the lightweight toolkit helped everyone understand the root problems instantly. These visual tools gave the design team and the leasing team a shared language. As a result, they agreed on a clear action plan within half day, proving that foresight can actually accelerate decision-making rather than delay it.

Theoretical Contributions

This research adds two new perspectives to the academic fields of systemic design and strategic foresight, specifically for businesses in a crisis.

The first contribution is the idea of phased resilience. Much of the existing literature, such as McKinsey's resilience framework, treats business resilience as a list of skills a company should have all at once. (Nauck et al., 2021) However, this study shows that when a company is facing heavy debt repayment, resilience must happen in phases. A developer cannot build long-term brand resilience if they run out of money in six months. They must first build short-term financial resilience by doing whatever it takes to get foot traffic and cash. Only after they survive this first phase can they focus on long-term goals. This phased approach offers a much more realistic way to look at distressed assets.

The second contribution is redefining foresight tools as boundary objects. Usually, academic literature says that strategic foresight is used to predict macro-trends for the next 20 or 30 years. (Iden et al., 2017) This study challenges that view. When a company is fighting to survive the next six months, predicting the distant future is useless. Instead, the real value of a foresight tool in a crisis is to act as a boundary object—a simple tool that helps different departments stop fighting and agree on the current reality. Therefore, this research argues that in a crisis, foresight is not about predicting the future; it is about aligning people in the present.

Practical Implications

For real estate developers in China, the Stock Era means the rules of the game have completely changed. (Chan et al., 2025) The competitive advantage is no longer about how fast you can build the properties. It is now about how well you can operate the space and curate experiences.

The lightweight toolkit tested in this study offers a practical way for developers to realize this shift. By visually mapping what customers want against what the company can actually provide, the tools force developers to face their operational weaknesses early on. The main takeaway for the industry is that traditional developers must change their organizational structures. They can no longer work in isolated departments. They must learn to collaborate and bring in external operational experts to survive.

Methodological Limitations

While the findings offer valuable insights, several methodological limitations must be acknowledged. The most significant limitation is the reliance on a single primary case study for the workshop intervention. While Project V provided a rich context for investigating the research questions, it represents a specific type of large-scale, suburban commercial redevelopment. The toolkit's effectiveness in different contexts, such as small-scale neighbourhood retail in first-tier cities, remains untested.

A second limitation concerns the temporal scope of the research. The study evaluated the immediate success of the lightweight toolkit in facilitating strategic alignment and producing an action plan. However, it could not assess the actual financial impact of these decisions. The ultimate success of the Decoupling Strategy can only be verified after the project has been operating for several years, which extends beyond the timeframe of this thesis.

Future Research Directions

Because of these limitations, future research should test this lightweight toolkit on different types of commercial real estate projects in different cities across China. This would help us understand which parts of the toolkit work everywhere and which parts need to be adjusted for local cultures.

Most importantly, future researchers should conduct longitudinal studies. By tracking projects that have employed these lightweight foresight tools over a three-to-five-year period, researchers could determine whether the strategic alignment achieved in the workshops actually translates into greater financial resilience and operational sustainability compared to traditional development approaches.

Bibliography

ARUP.(2019). FOUR PLAUSIBLE FUTURES 2050 Scenarios. <https://www.arup.com/globalassets/downloads/insights/2050-scenarios-four-plausibl-futures.pdf>

Cat Drew., (2019). The Double Diamond: 15 years on...
<https://medium.com/design-council/the-double-diamond-15-years-on-8c7bc594610e>

Chan, E., Hui, E. C., Shen, J. & Zhang, L. (2025). Capital structure and financial distress in China's real estate sector: a perspective from sales tournament. *Humanities and Social Sciences Communications* 12. <https://doi.org/10.1057/s41599-025-05154-7>

Chen, M., Chen, T., Ruan, D., & Wang, X. (2023). Land Finance, Real Estate Market, and Local Government Debt Risk: Evidence from China. *Land*, 12(8), 1597. <https://doi.org/10.3390/land12081597>

Choo, C. W. (1999). The art of scanning the environment. *Bulletin of the American Society for Information Science*, 25(3), 21-24.

Chourti, A., Cleijndert, W., Hauge, K., Singhal, R., & Stolyarova, A. (2025). Beyond growth. <https://deltamegaregions.net/polyu-2025-gba-2030-vision/beyond-growth>
Design Council (2021). Beyond Net Zero A Systemic Design Approach

Design Council (2019). The Double Diamond: 15 years on...
<https://medium.com/design-council/the-double-diamond-15-years-on-8c7bc594610e>

Iden, J., Methlie, L.B., Christensen, G.e. (2017). The nature of strategic foresight research: A systematic literature review. *Technological Forecasting and Social Change* 116, pp. 87-97. <https://doi.org/10.1016/j.techfore.2016.11.002>

Inayatullah, S. (Ed.). (2004). The causal layered analysis (CLA) reader: Theory and case studies of an integrative and transformative methodology. Tamkang University Press.

Hessing, T. (n.d.). Affinity diagram (or K-J method). Six Sigma Study Guide. Retrieved from <https://sixsigmastudyguide.com/affinity-diagram/>

Hoogeveen, J., Lu Y., Postma, L., van Dijk, V., Sutherland, M., & Vamvakousi, E. (2024). Megascap Symbiosis. <https://deltamegaregions.net/tu-delft/megascap-symbiosis>

Jyin. (2026). China's property slump deepens—and threatens more than the housing sector - Atlantic Council. Atlantic Council. <https://www.atlanticcouncil.org/blogs/econographics/sinographs/chinas-property-slump-deepens-and-threatens-more-than-the-housing-sector/>

Kaaij, F., Bijlsma, J., Pesendorfer, J., Osusky, J., Ejaz, M., & Huang, Y.(2024). Mega project to mega process. <https://deltamegaregions.net/tu-delft/tu-delft-2024-delta-dynamics>

Kim, D. H. (1999). Introduction to systems thinking (Vol. 16). Pegasus Communications.

Roxburgh, C. (2009). The use and abuse of scenarios. McKinsey Quarterly, (November).

Kolko, J., Design Research Society, Austin Center for Design, & frog design. (2010). Sensemaking and Framing: a theoretical reflection on perspective in design synthesis. Design and Complexity - DRS International Conference 2010. <https://dl.designresearchsociety.org/drs-conference-papers/drs2010/researchpapers/67>

Luzi. (2023, July 24). 城市更新到底如何盈利? [How exactly does urban regeneration make a profit?]. 感性城市SCity. https://mp.weixin.qq.com/s?__biz=MzUyNzg2NDIOMw==&mid=2247495741&idx=1&sn=d045eafd9be531ffd998b4b6ad9afda3&scene=21&poc_token=HO6-ZGmjh5sskopgfagvDxc-nOAJ8KBOPufWvJPAE

MacroMicro. (2026). China - Local government state-owned land sales revenue. <https://www.macromicro.me/collections/26/cn-house-relative/80568/china-local-government-state-owned-land-sales-revenue>

MacroMicro. (2026). China - House price index (YoY). <https://www.macromicro.me/collections/26/cn-house-relative/983/house-price-yoy>

National Bureau of Statistics of China. (2025, January 17). National economy sustained stable and sound development in 2024 with solid progress made in high-quality development. stats.gov.cn

National Bureau of Statistics of China. (2026). Monthly reports on residential sale prices in 70 large and medium-sized cities. Retrieved from stats.gov.cn

Nauck, F., Pancaldi, L., Poppensieker, T., & White, O. (2021). The resilience imperative: Succeeding in uncertain times. McKinsey & Company. <https://www.mckinsey.com/capabilities/risk-and-resilience/our-insights/the-resilience-imperative-succeeding-in-uncertain-times>

Patton, M. Q. (2015). *Qualitative research & evaluation methods: Integrating theory and practice* (4th ed.). SAGE Publications.

Reason, P., & Bradbury, H. (Eds.). (2008). *The SAGE Handbook of Action Research: Participative Inquiry and Practice* (2nd ed.). SAGE Publications.

Sanders, E. B. N., & Stappers, P. J. (2014). Probes, toolkits and prototypes: Three approaches to making in codesigning. *CoDesign*, 10(1), 5-14.
<https://doi.org/10.1080/15710882.2014.888183>

Sharpe, B. (2020). *Three horizons: The patterning of hope* (2nd ed.). Triarchy Press.

Star, S. L., & Griesemer, J. R. (1989). Institutional Ecology, 'Translations' and Boundary Objects: Amateurs and Professionals in Berkeley's Museum of Vertebrate Zoology, 1907-39. *Social Studies of Science*, 19(3), 387-420.
<https://doi.org/10.1177/030631289019003001>

Statista. (2026). Urbanization rate in China 1980-2025. <https://www.statista.com/statistics/270162/urbanization-in-china/>

S&P Dow Jones Indices. (2026). S&P CoreLogic Case-Shiller U.S. National Home Price Index [CSUSHPISA]. Retrieved from FRED, Federal Reserve Bank of St. Louis: [stlouisfed.org](https://fred.stlouisfed.org)

Tonby, O., Razdan, R., Yamakawa, N., Seong, J., Kilian, J., Ochi, M., Fisher, S., Peterson, D., & Devesa, T. (2021). *Future of Asia: Imagining your customers' possible futures: A Design x Foresight approach*. McKinsey & Company. <https://www.mckinsey.com/featured-insights/future-of-asia/imagining-your-customers-possible-futures-a-design-x-foresight-approach>

UNDP. (2022). UNDP RBAP: Foresight Playbook. New York, New York
<https://www.undp.org/sites/g/files/zskgke326/files/2022-08/UNDP-RBAP-Foresight-Playbook-Appendix-2022.pdf>

UN Global Pulse. (2022). Horizon scan user manual: A step-by-step guide. Anticipation Capability.
Wakabayashi, D., & Chien, A. C. (2025). Historic shift underway in China's economy as investment slump deepens. The New York Times. <https://www.nytimes.com/2025/12/12/business/china-investment-economy.html>

World Bank. (2025). The World Bank In China.
<https://www.worldbank.org/en/country/china/overview>

Yicai Global. (2025, May 28). Chengdu, Hangzhou, 13 others rank as new first-tier Chinese cities in 2025.
<https://www.yicaiglobal.com/news/chengdu-hangzhou-13-others-rank-as-new-first-tier-chinese-cities-in-2025>

Yu, Q., Yang, X., Wu, Y., & Fang, K. (2025). Adaptability assessment of the Enning Road heritage district in China based on GA-BP neural network. Scientific Reports, 15, Article 15370. <https://doi.org/10.1038/s41598-025-00083-6>

Zhao, Y. (2025). 城市更新的钱从哪里来? [Where does the funding for urban regeneration come from?]. International Outstanding Practices on Urban Regeneration. https://www.wurbp.org/cn/insights_academics_detail?id=27

Zipser, D., Seong, J., & Woetzel, J. (2021). Five consumer trends shaping the next decade of growth in China. McKinsey & Company. <https://www.mckinsey.com/featured-insights/future-of-asia/five-consumer-trends-shaping-the-next-decade-of-growth-in-china>

Appendix A:

Glossary of Key Terms

Community Animator:

A proposed organizational role responsible for active placemaking, event curation, tenant ecosystem design, and fostering social connections—distinct from traditional Property Management focused on building maintenance.

Futurity Paradox:

The structural tension whereby projects require extended time horizons (5-10 years) to cultivate differentiated value but face compressed evaluation cycles (6-12 months) due to financial constraints, creating conditions where long-term strategies cannot be sustained.

Incremental Era (增量时代):

The period from approximately 1980-2020 characterized by rapid urbanization, continuous new construction, high-turnover development models, and land value appreciation as primary profit mechanism.

Land Finance (土地财政):

The fiscal model whereby local governments generate revenue through leasing land-use rights to developers at premium prices, which was a primary funding mechanism for public infrastructure during the Incremental Era.

Lightweight Foresight:

Strategic foresight methodologies designed for rapid deployment, minimal facilitation infrastructure, and integration into existing decision workflows rather than requiring dedicated foresight teams or extended planning cycles.

Spiritual Core (精神内核):

An authentic, coherent value system and brand identity that guides all operational decisions and enables emotional resonance with target communities—identified by practitioners as essential for post-material consumer engagement.

Stock Era (存量时代):

The current phase of Chinese urban development characterized by management and optimization of existing built assets, contrasted with the Incremental Era's focus on new construction and expansion.

Stranded Asset:

A commercial or residential development that has become economically unviable due to market shifts, debt burdens, or strategic obsolescence, often manifesting as incomplete construction, vacant space, or properties unable to generate sufficient returns.

Navigating the Futurity Paradox

