

**THE APPLICATION OF USES & ACTIVITIES AND ACCESS & LINKAGES IN
PLACEMAKING THEORY AND THE IMPLEMENTATION OF THE HIGHEST AND
BEST USE METHOD FOR DETERMINING THE OPTIMAL NEW FUNCTION OF
THE EX-BORSUMIJ SITE, JALAN HINDU, MEDAN**

Muhammad Randi Ashifa, Isnén Fitri, Basaria Talarosha

Magister Manajemen Properti dan Penilaian, Universitas Sumatera Utara

Email: randishifa@gmail.com

Abstract

The ex-Borsumij site located on Jalan Hindu, Medan is part of the historic Kesawan area and has significant cultural and economic value. However, the site remains abandoned and underutilized. This study aims to determine the best adaptive reuse strategy for this heritage asset through a placemaking approach, focusing on Uses & Activities and Access & Linkages, and evaluating alternatives using the Highest and Best Use (HBU) method. The research applies a quantitative approach using surveys and feasibility analysis, including NPV, IRR, PI, and Payback Period. Data were obtained from 125 respondents comprising local residents, visitors, government stakeholders, and potential investors. Results show that the restaurant and café function yields the highest financial feasibility (NPV: Rp 4.43 billion; IRR: 13.89%; PI: 1.22; Payback: 5 years 5 months). The study concludes that adaptive reuse as a food and beverage space is the most optimal function, balancing economic return and cultural preservation.

Keywords: Heritage Asset, Placemaking, Highest and Best Use, Adaptive Reuse, Financial Feasibility

INTRODUCTION

The city of Medan possesses numerous historical buildings that are key to its cultural and urban development. One such structure is the ex-Borsumij building on Jalan Hindu, which holds historical and strategic value yet remains neglected. This situation highlights a broader issue in managing heritage assets: how to repurpose historical structures without compromising their cultural integrity.

To address this, the study combines placemaking theory—particularly the elements of Uses & Activities and Access & Linkages—with the Highest and Best Use (HBU) analysis method. This integrated approach evaluates potential new uses based on legal, physical, financial, and maximum productivity feasibility, aiming to determine the optimal function for the heritage site.

RESEARCH METHOD

This research employs a descriptive quantitative method. Data were collected via questionnaires distributed to 125 respondents, including the general public, visitors to the Kesawan area, and government institutions. Secondary data were

also used, including commercial rental rates in Medan and literature studies. Investment feasibility was analyzed using Net Present Value (NPV), Internal Rate of Return (IRR), Profitability Index (PI), and Payback Period metrics.

The alternative functional scenarios assessed include:

1. Boutique Hotel and Restaurant
2. Restaurant and Café
3. Event Spaces (Large and Small)

RESULTS AND DISCUSSION

1. Initial Investment Costs

The total investment costs for each alternative are:

- Boutique Hotel and Restaurant: IDR 48,158,000,000
- Restaurant and Café: IDR 20,390,940,000
- Event Space: IDR 24,314,400,000

2. Projected Annual Revenue in Year 1

- Boutique Hotel & Restaurant: IDR 14,427,576,000
- Restaurant and Café: IDR 3,392,100,000
- Event Space: IDR 3,315,600,000

3. Investment Feasibility Analysis

Alternative	NPV (IDR)	IRR (%)	PI	Payback Period
Hotel & Restaurant	-21,298,579,573	0.57	0.56	9 years 10 months
Restaurant & Café	4,434,895,859	13.89	1.22	5 years 5 months
Event Space	-4,766,202,366	6.15	0.80	7 years 4 months

The results show that only the restaurant and café alternative is financially feasible, with a positive NPV and IRR higher than the WACC of 9.5%. The other two alternatives have negative NPVs and IRRs lower than their respective WACCs (Hotel: 12%, Event: 11%).

CONCLUSION

Based on the financial analysis, it can be concluded that repurposing the ex-Borsumij building as a **restaurant and café** is the most viable option both financially and operationally. This alternative yields a positive NPV, an IRR above the WACC, a PI greater than 1, and the shortest payback period among the scenarios analyzed. This adaptive reuse strategy aligns with placemaking principles and supports both cultural preservation and the revitalization of the heritage-rich Kesawan area in a sustainable manner.

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