



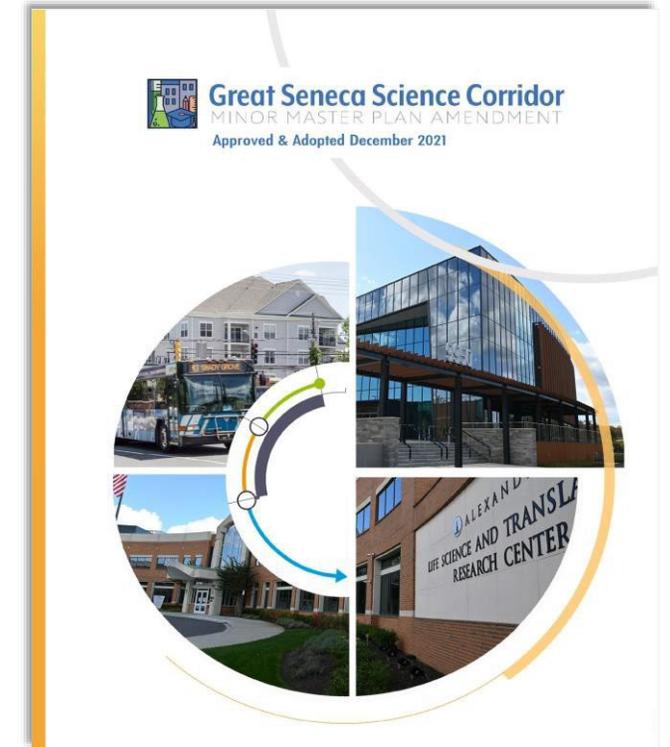
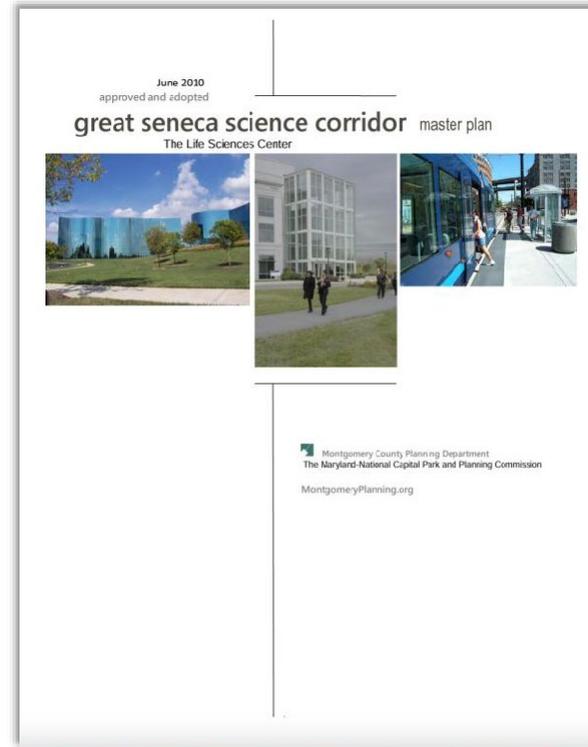
Montgomery County Life Sciences

Real Estate and Land Use Compatibility Study

REDI Board of Directors Meeting 2-22-24, presented by
Montgomery Planning

Purpose for the Report

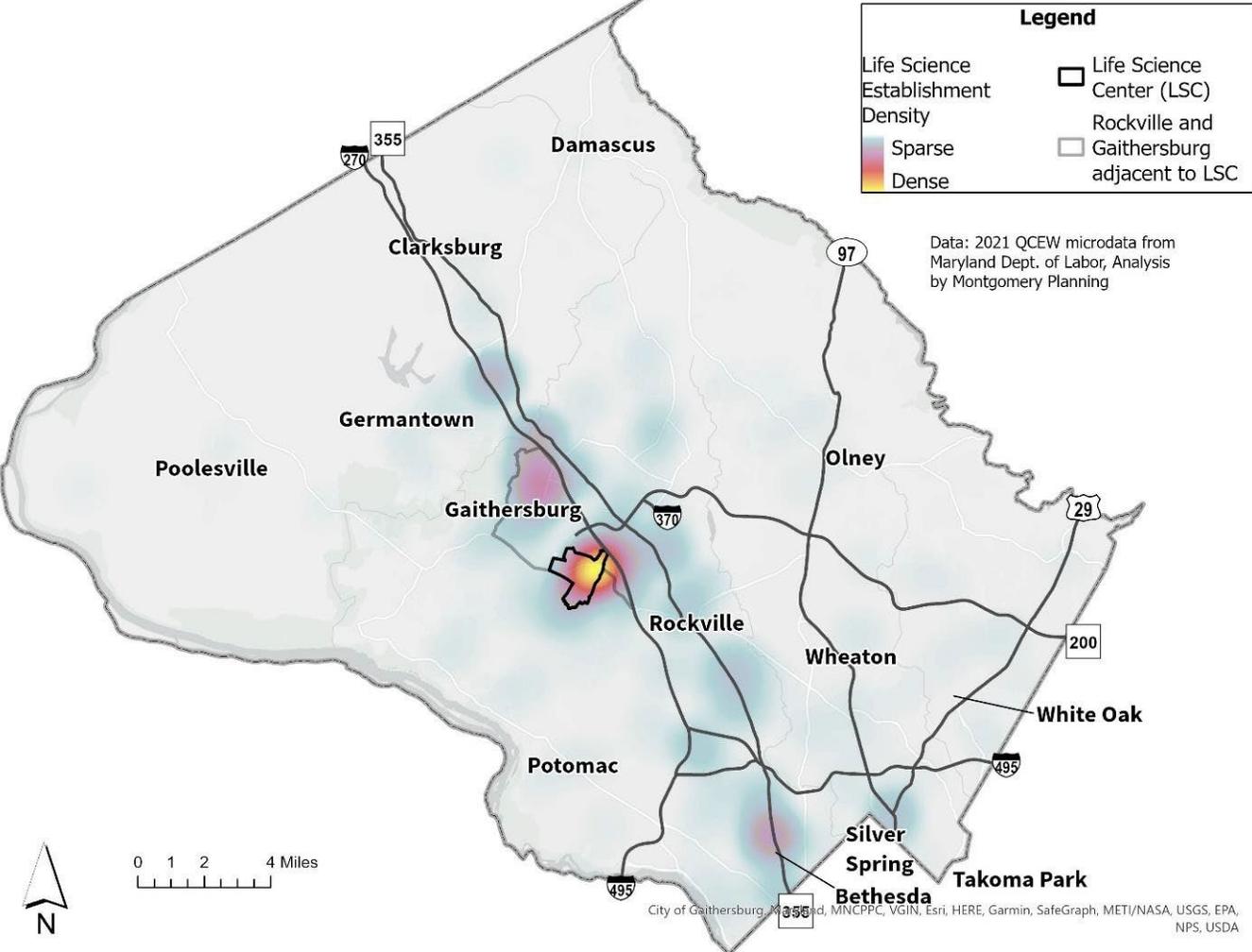
The **Montgomery County Life Sciences Real Estate and Land Use Compatibility Study** provides insights into the real estate needs of the life sciences industry and explores the feasibility of co-locating housing on or near sites where life sciences or medical centers exist. It directly supports the Great Seneca Plan update and will serve as a resource for countywide efforts to support life sciences in the future.



Context of Life Sciences in Montgomery County

The reason for the focus on LSC is the concentration of private sector life sciences establishments and employment.

Note that the map does not include Federal life science agencies which are much larger by employment.



Scope of Work for this Study

- Provide a detailed understanding of **specific types of life sciences businesses** in the Great Seneca Science Corridor Plan area.
- Describe the **specific real estate needs** for different types and sizes of life sciences businesses.
- Evaluate the **compatibility of integrating life sciences with housing and small-scale commercial development**.
- Develop a set of **actionable recommendations to support continued growth of the life sciences industry** and promotes planning priorities and principles.

National Trends in Life Sciences

Growth Industry



455,000 jobs added
34% growth rate over 10-year period



1.8M
size of labor force, 2022



\$247B
total annual wages
\$126,000 average annual wage, 2022

Investment Surge



\$10B
annual real estate investment, 2018-2022



32M S.F.
planned or under construction, 2022
78% of which anticipated to be delivered in 2 years



\$26B
venture capital investments, 2023

Source: BLS, CBRE, JLL

Where Does Montgomery County Stand?

Opportunities for Life Sciences Real Estate Development



Growing Industry

real estate development is one of the fastest growing asset classes in the U.S.



Strong / Established

10% of total County employment & 19% growth rate (2010-2022)



Talent Pipeline

from higher ed in the region & federal government



Lease Rates

competitive with emerging & top markets



+1.1M SF

currently being explored by life sciences firms in the County, indicating potential demand for expansion



Low Vacancy Rates

indicating opportunity to expand supply

Source: U.S. Census, BLS, CoStar, Colliers

Where Does Montgomery County Stand?

Challenges for Life Sciences Real Estate Development



Costs

associated with design
specs & development



Modest Supply

since 2010, although +3M S.F.
R&D in the pipeline



Spec Space

small spec market in
the region



Competition

inter- & intra- regional
and international will
persist



Start-up Demand

smaller-scale R&D space
needed to facilitate
entrepreneurial activity

Real Estate Development Specs and Costs

The cost of R&D lab improvements depends on many variables such as the size of the development, ratio of lab to office space, fresh air and exhaust requirements, electrical requirements for lab equipment, the number of biosafety cabinets, biosafety levels and required specialty spaces.



Research & Development (R&D)



Conventional Office

Total Development Costs

\$1,000 to \$2,000 psf

\$300 to \$900 psf

Life Sciences Development Typologies



Infill Housing
Development
Near Existing Life
Sciences
Locations



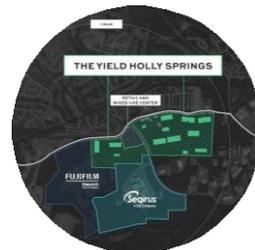
Mixed-Use
Infill
Development



Vertical
Mixed-Use



Master Planned
Mixed-Use
Districts



Master
Planned
Greenfield
Development



Mixed Use
Redevelopment

Life Sciences Development Typologies

Infill Housing Development Near Existing Life Sciences Locations



Aerial View of Part of University City District, Philadelphia

Source: University City District (2024)

- University City District in West Philadelphia links the campuses of University of Pennsylvania and Drexel University with housing, retail, and other private commercial development
- 3,500 units of infill housing planned or under development
- Strategic placemaking have minimized the institutional feel of the area making it more attractive for residential development

Life Sciences Development Typologies

Mixed-Use Infill Development

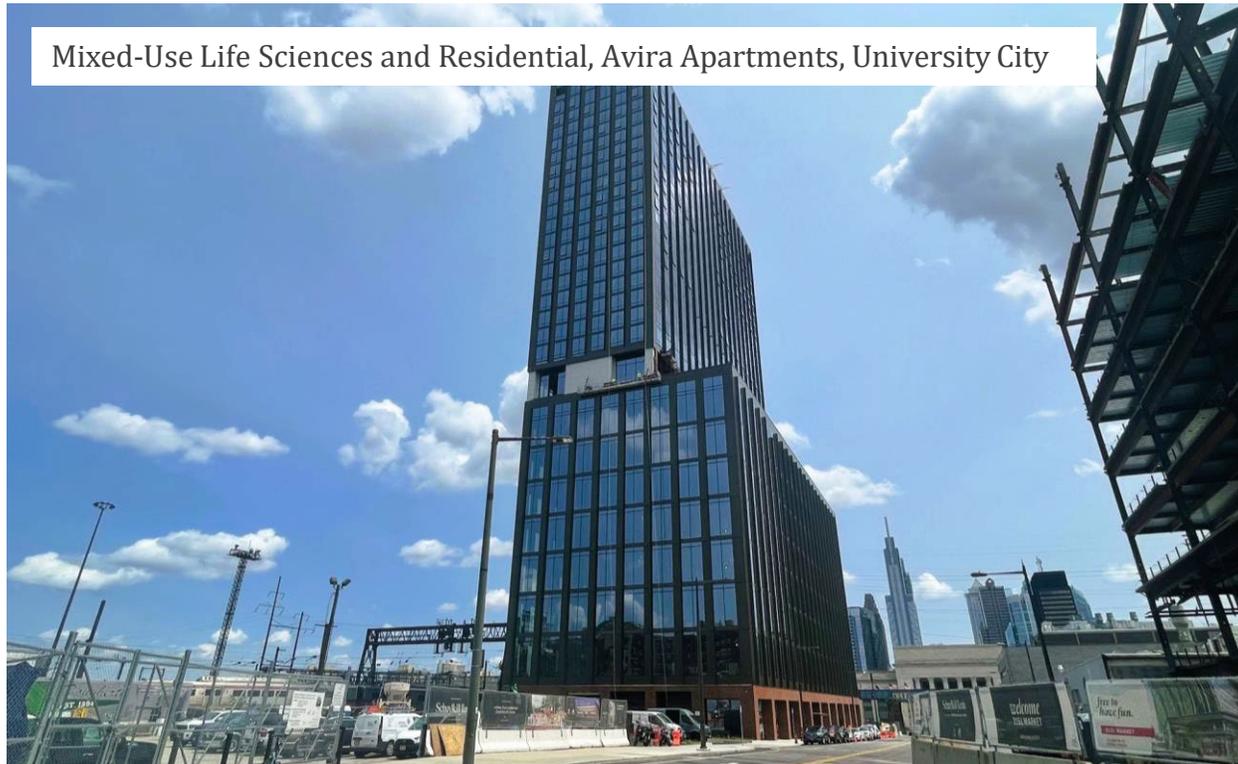


Source: P3Roxbury (2023)

- Mixed-use life sciences lab and housing development in the Lower Roxbury neighborhood, approximately two miles southwest of Downtown Boston.
- The eight-acre development will include five new buildings with a combined 466 housing units, a portion of which are affordable, and 700,000 square feet of life sciences lab space, along with a new headquarters for life-science nonprofit Lab Central Ignite and a museum, gallery, and policy center

Life Sciences Development Typologies

Vertical Mixed-Use Development



Source: OCF Realty (2023)

- Recent vertical development in urban areas incorporating life sciences lab and office space with residential units demonstrates that these uses can be complementary, not conflicting uses.
- Avira in University City, opened in Spring 2023 and includes more than 325 apartments with 9,000 square feet of retail space, and 200,000 square feet of lab space.
- However, given rapidly shifting market conditions post-pandemic, much of the lab space has not been leased and the developer is primarily marketing the commercial space or conventional office users.

Life Sciences Development Typologies

Master Planned Mixed-Use Districts

Renderings from Philadelphia Navy Yard Plan, 2022 Update



Source: PIDC (2023)

- This former 1,000-acre naval base was originally redeveloped as an office park, which included historic preservation and the new construction of conventional office buildings with limited retail.
- The Philadelphia Industrial Development Corporation (PIDC), which owns the land, has master-planned the district to incorporate life sciences, housing, and a hotel into the existing district.

Case Studies and Best Practices



Introduction to Innovation Districts

“ A new complementary urban model is now emerging, giving rise to what we and others are calling “innovation districts.” These districts, by our definition, are geographic areas where leading-edge anchor institutions and companies cluster and connect with start-ups, business incubators and accelerators. They are also physically compact, transit-accessible, and technically-wired and offer mixed-use housing, office, and retail.



The Rise of Innovation Districts: A New Geography of Innovation in America
Brookings, Bruce Katz and Julie Wagner

Keys Focus Areas

Organizational Structures

Institution-Led

Non-Profit

Special District

Land Use Considerations

Mixed-Use Development

Housing

Placemaking

Case Study	Organizational Structures	Land Use Considerations
Research Triangle Park Raleigh-Durham, NC	X	X
Texas Medical Center Houston, TX	X	X
University City District Philadelphia, PA	X	
Winston-Salem Innovation Quarter Winston-Salem, NC	X	
Kendall Square Cambridge, MA	X	X
Mission Bay San Francisco, CA		X
The Philadelphia Navy Yard Philadelphia, PA		X



Strategic Recommendations

Land Use Challenges

- ❑ **Complexities of infill mixed-use development** for life sciences uses;
- ❑ **Limited tools** to influence the use and form of future life sciences development that support mixed-use synergies;
- ❑ **Lack of zoning flexibility** to support higher-density, mixed-use life sciences development and/or districts;
- ❑ **Lack of connectivity** to, from, and within areas with concentrations of life sciences employers;
- ❑ **Limited marketability of the built environment** – many areas with life sciences concentrations consist of conventional suburban-style office park development with limited curb appeal;
- ❑ **Lack of funding mechanisms** to support place-based investment; and,
- ❑ **Lack of strategically aligned resources** to support an entrepreneurial ecosystem.

Strategic Recommendations

1

Expand and Create New Development Practices and Standards to Encourage the Creation of Intensive, Mixed-Use Life Sciences Districts

2

Create Value-Capture Tools to Encourage Development and Investments in the Public Realm

3

Focus Place-Based Investments In and Around Life Sciences Clusters

4

Grow an Entrepreneurial Ecosystem

Recommendations

Expand and create new development practices and standards to encourage the creation of intensive, mixed-use life sciences districts

- ✓ Optimize the existing Life Sciences Center (LSC) Zone to ease restrictions on residential, retail, and other non-life sciences uses.
- ✓ Explore creating a new zoning overlay specific to Life Sciences Mixed-Use development.
- ✓ Encourage higher densities in select commercial nodes.

Recommendations

Expand and create new development practices and standards to encourage the creation of intensive, mixed-use life sciences districts

(cont.)

- ✓ Identify catalyst sites for potential development and redevelopment.
- ✓ Strengthen the process for developer selection through requests for proposals.
- ✓ Strengthen connections with the real estate development community and public agencies.
- ✓ Align land use planning efforts with regional and state economic development entities' objectives.

Recommendations

Create value-capture tools to encourage development and investments in the public realm

- ✓ Explore the creation of a business improvement district and in the Life Sciences clusters and other areas targeted for life sciences development.
- ✓ Support the use of Tax Incremental Financing to incentivize development.

Recommendations

Focus place-based investments in and around Life Sciences clusters

- ✓ Work to establish a place management organization at the LSC (and any other areas targeted for mixed-use life sciences development).
- ✓ Incorporate placemaking and streetscape improvements in areas with concentrations of life sciences employment.
- ✓ Leverage regional trails, greenway, and bicycle planning efforts to enhance connectivity to and from current and future life sciences hubs.
- ✓ Create more opportunities for investments in public spaces and event programming.

Recommendations

Grow an entrepreneurial ecosystem

- ✓ Create a countywide consortium of government agencies, institutions of higher learning, and private employers with a focus on entrepreneurship.
- ✓ Create more opportunities for step-up space for startups involved at Montgomery County incubators.
- ✓ Leverage existing startup and life sciences grant programs to encourage new activity in and around Life Sciences clusters.

Questions?

