Healthcare as a Catalyst for Mixed Use Development
Panelists & case studies

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Growing U.S. healthcare expenditures

![Chart showing annual U.S. health expenditures and spending as a percentage of GDP from 1960 to 2020. The chart illustrates a steady increase in expenditures over time, with a significant growth rate during the 2000s and beyond.]
Growth in healthcare prices

*Consumer Price Index (2004 = 100)*

- Hospital and Related Services
- All Medical Costs
- Prescription Medicines
- Consumer Price Index

Source: Bureau of Labor Statistics, PhRMA
Aging population

65+ Population and Percent of Population

- Millions
- % of Population

- Age 65 and older
- Percent of population
Healthcare job growth above average
Healthcare at 24% versus 11% for overall economy

Projected U.S. employment growth, 2012 – 2022 (estimated)

- All Occupations - Total U.S.: 11%
- Physicians and Surgeons: 18%
- Total Healthcare: 24%
- Healthcare Techs: 24%
- Registered Nurses: 25%
- Physicians Assistants: 38%
- Occupational Therapists & Aides: 41%

Healthcare at 24% versus 11% for overall economy
Transformation of healthcare

• Migration to outpatient care / declining inpatient admissions
• Growth of technology
• Digital medicine (telemedicine, payer administration, digital monitoring and therapies)
• Health and wellness trends
• Continuum of care
• Electronic medical records
• Accountable care – 35M additional insured lives by 2020
• Advances in pharmaceuticals
• Non-traditional healthcare providers
• Consolidation of healthcare providers (vertical and horizontal)
• Consumerism (access, cost - pricing transparency, quality, choice of provider)
• Baby boomer cultural demands
Life Sciences

Peter Calkins, Forest City
Boston-Cambridge Healthcare / Life Sciences Cluster
Kendall Square – the hub for innovation
University Park at MIT

- 27 acres, 2.8 million square feet
- Research, office, apartment, retail, hotel / conference center
- Linked with 4 acres open space
University Park at MIT – the Before and After
University Park at MIT

A collaborative environment for institutional and corporate research and a comfortable urban community that brings people together.
Re-envisioning and Redeveloping East Baltimore

An intentional collaboration of Johns Hopkins Medicine, Federal, State and Local Government, Forest City and the local development community
Science + Technology, and New Life Around Eager Park

- A science park as economic engine
- A new school to attract families
- A variety of high quality, affordable ownership and rental home opportunities
- Retail serving the medical and the local communities
- A grand new park to bring everyone together
Progress and Opportunity
Science + Technology as the Driver

- 855 North Wolfe – 280,000 SF fully leased
- Maryland’s New Public Health Lab
- 1812 Ashland Ave – targeted for lower price point
- Entitlements for 4-6 additional buildings
- Creating jobs, taxes, economic opportunity
Henderson Hopkins School, Weinberg Early Childhood Ctr.

- 720 student capacity K-8 school built in partnership with Johns Hopkins University
- Opened January 2014
- Harry & Jeannette Weinberg Early Childhood Ctr – 174 slots, 80 HS/EHS and 94 tuition slots – mixed income student body
Residential Opportunities of All Kinds

Medical Student Apartments

Market rate, affordable, rehabbed and one-off places for living
Coming Next – Eager Park and the Gateway Hotel
Hospital

Eric Sheffels, Leggat McCall Properties
Hospitals as a Catalyst for Development

• Case Study #1: CitySquare, Worcester, MA

• Case Study #2: Boston Medical Center, Boston, MA
CitySquare, Worcester, MA

➢ CitySquare is a 2 million SF mixed use development project set on 20 acres of downtown Worcester, 2nd largest city in Massachusetts

➢ Former Worcester Galleria Mall that bisected the city

➢ Project objective, demolish a defunct mall constructed in 1971, re-establish a public street network, transform the property into a vibrant mixed-use area that would draw pedestrians, support local business, and provide high-end housing for the community
CitySquare
CitySquare

Union Station
City Hall

1939

Early 1960’s

Late 1960’s

2004
CitySquare

➤ CLIENT/ OWNER: Private / Public partnership between Opus Investment Management a subsidiary of Hanover Insurance & the City of Worcester

➤ STAKE HOLDERS:
- The City of Worcester
- The State of Massachusetts
- Federal Government DOT
- Hanover Insurance
- Berkley Investments
- Archdioceses of Worcester
- UNUM Insurance
- St. Vincent Hospital
- Leggat McCall Properties

➤ STRATEGY/ CITY IMPACT:
- Demolish defunct mall
- Stabilize / reactivate Downtown Worcester
- Re-establish the City’s street grid and reconnect the City to the train station
- Increase Worcester's commercial tax base with a vibrant downtown

➤ STATISTICS
- $450+M
- 440 residential units, 166 hotel rooms, 400K sf office, 66K sf medical, 40K sf retail
- 1,900 parking spaces
CITYSQUARE – DEMOLITION PROGRESS
CitySquare

- Two projects were instrumental in being able to unlock public funds necessary to establish roadways and enable further development of the site
  - Unum Insurance Group – 200,000sf Office
  - St. Vincent Hospital Cancer Center – 66,000sf Medical
CitySquare

CITYSQUARE – Potential Full Build-out
Case Study #2: Boston Medical Center
Boston Medical Center History:

- Boston Medical Center (BMC) formed in July 1996 through the merger of Boston City Hospital (BCH) and Boston University Medical Center Hospital (BUMCH)

- BMC is Boston’s “Safety Net” Hospital serving largely a lower income population
Boston Medical Center

- CONTEXT: BMC desired to expand/renovate its former Boston City Hospital while closing down the former Boston University Medical Center

- TRANSACTION: BMC sold in December 2014 nearly 2 full city blocks of land and buildings in a series of transactions involving deferred purchase agreements, sale/leasebacks and outright sales
Boston Medical Center

- **BUYER**: Leggat McCall Properties “LMP” and the Multi-Employer Property Trust (MEPT) advised by Bentall Kennedy

- **STRATEGY**: Capitalize on emerging neighborhood and BMC/ BU demand in redeveloping acquired parcels

- **STATISTICS**
  - Acquired / committed to acquire 5+ buildings with development potential of 900,000+ SF
  - Purchase consideration of greater than $150M

- **REDEVELOPMENT POTENTIAL**
  - 600+ residential units @ $300M+
  - Redevelopment and expansion of existing buildings @ $150M+

- **CITY IMPACT**
  - Formerly tax exempt property to generate greater than $5.5M annually within 7 years
Boston Medical Center

- Harrison/ Albany Block Redevelopment

**Andrews to Harrison “Parcel A” Area Calcs**
Total Area: 39,884 sf

**Albany to Andrews “Parcel B” Area Calcs**
Total Area: 95,277 sf
+ 1/2 Vacated Alley, 879 sf: 96,156 sf

<table>
<thead>
<tr>
<th>Description</th>
<th>Total Area</th>
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<tbody>
<tr>
<td>Parcel A + Parcel B Area:</td>
<td>135,161 sf</td>
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<tr>
<td>+ 1/2 Alley:</td>
<td>136,040 sf</td>
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Allowable sf @ **4.0 FAR** 544,160 sf

Allowable sf @ **6.5 FAR** 884,260 sf
Boston Medical Center

- Harrison Albany Block Redevelopment

- Statistics
  - 591 Units
  - 4.92 FAR
  - 668,697 Square Feet
  - $250-300M

- Opportunity
  - Capitalize on “Emerging” neighborhood and service the needs of BMC/BU users
  - Partially fulfill city goals of creating >50,000 new housing units by 2030
  - Acknowledge migration of younger workers back to the city
Boston Medical Center

- Potential unanticipated enhancement to value