

Healthcare as a Catalyst for Mixed Use Development

Panelists & case studies



Mindy Berman
JLL
Managing Director, Capital Markets
Boston, MA



Peter Calkins
Forest City Science + Technology Group
EVP & Chief Operating Officer
Cambridge, MA



Eric Sheffels
Leggat McCall Properties
Co-President
Boston, MA

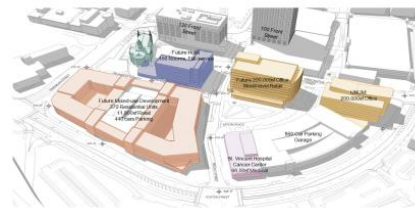


Maurice Ouellette
Century Group
Vice President, Seniors Housing & Hospitality
Surrey, BC



Life Science

University Park., Cambridge, MA
Science + Technology Park, Baltimore, MD



Hospital

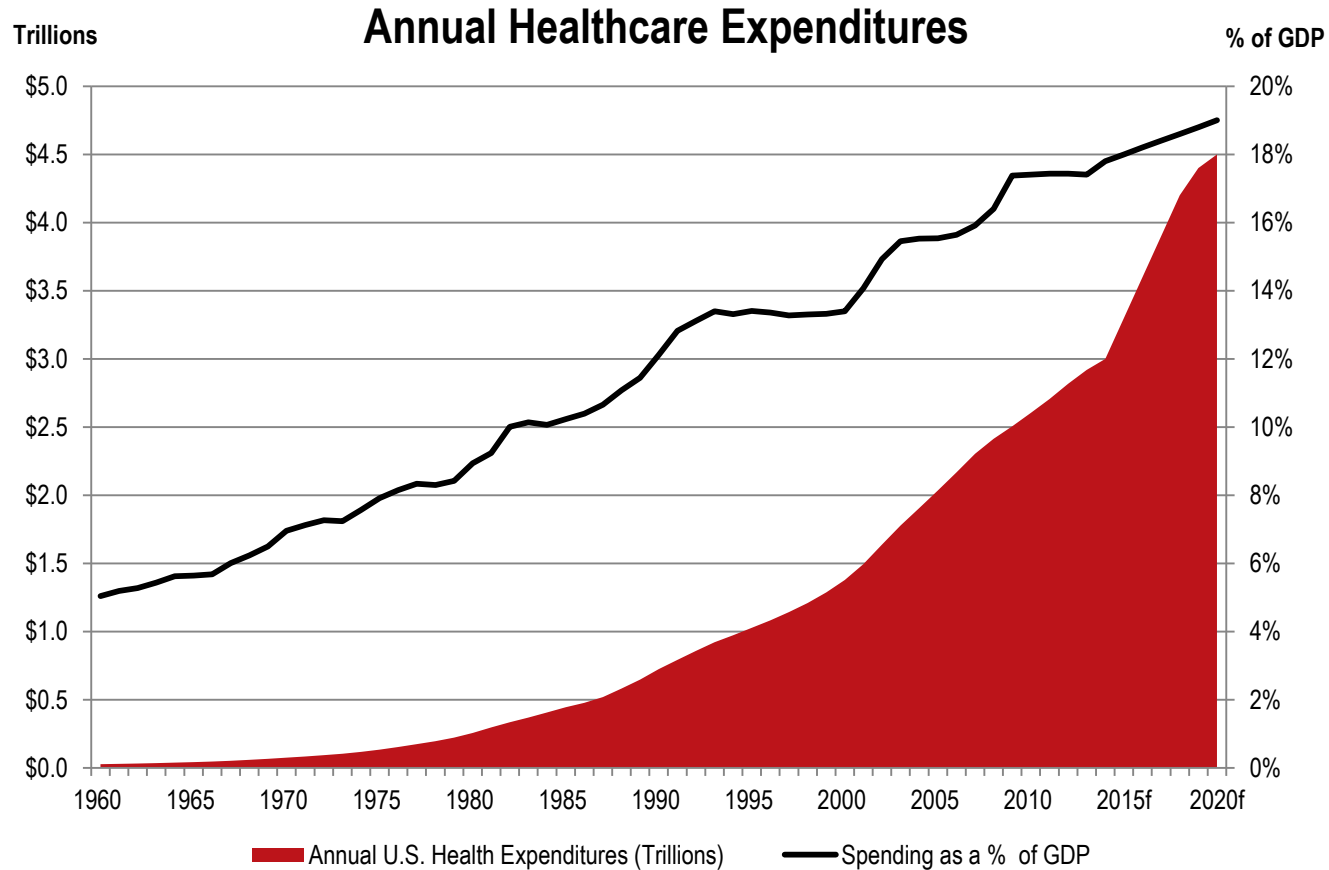
CitySquare, Worcester, MA
Boston Medical Center, Boston, MA



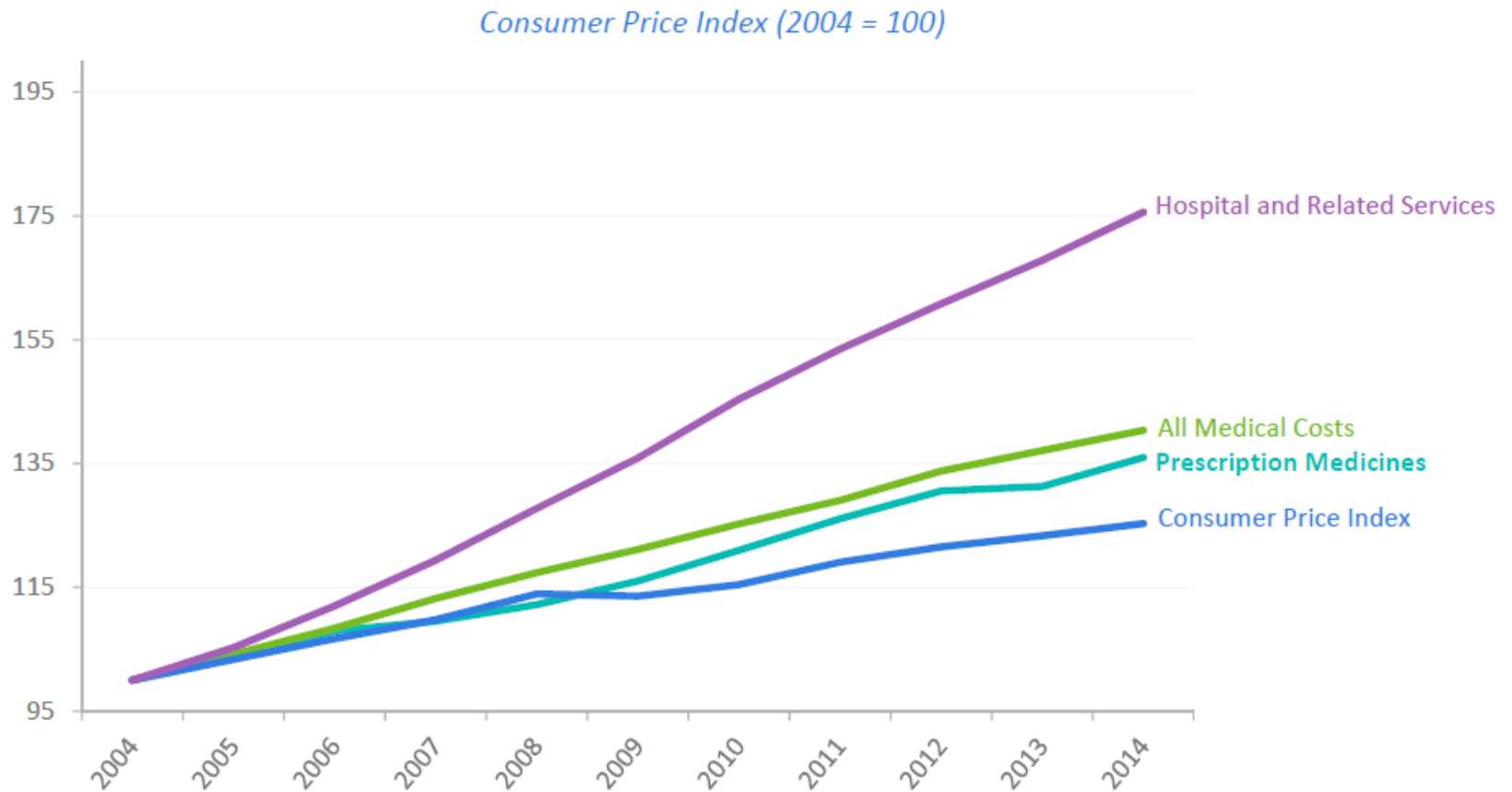
Seniors Housing

The Wexford
Delta, British Columbia, Canada

Growing U.S. healthcare expenditures

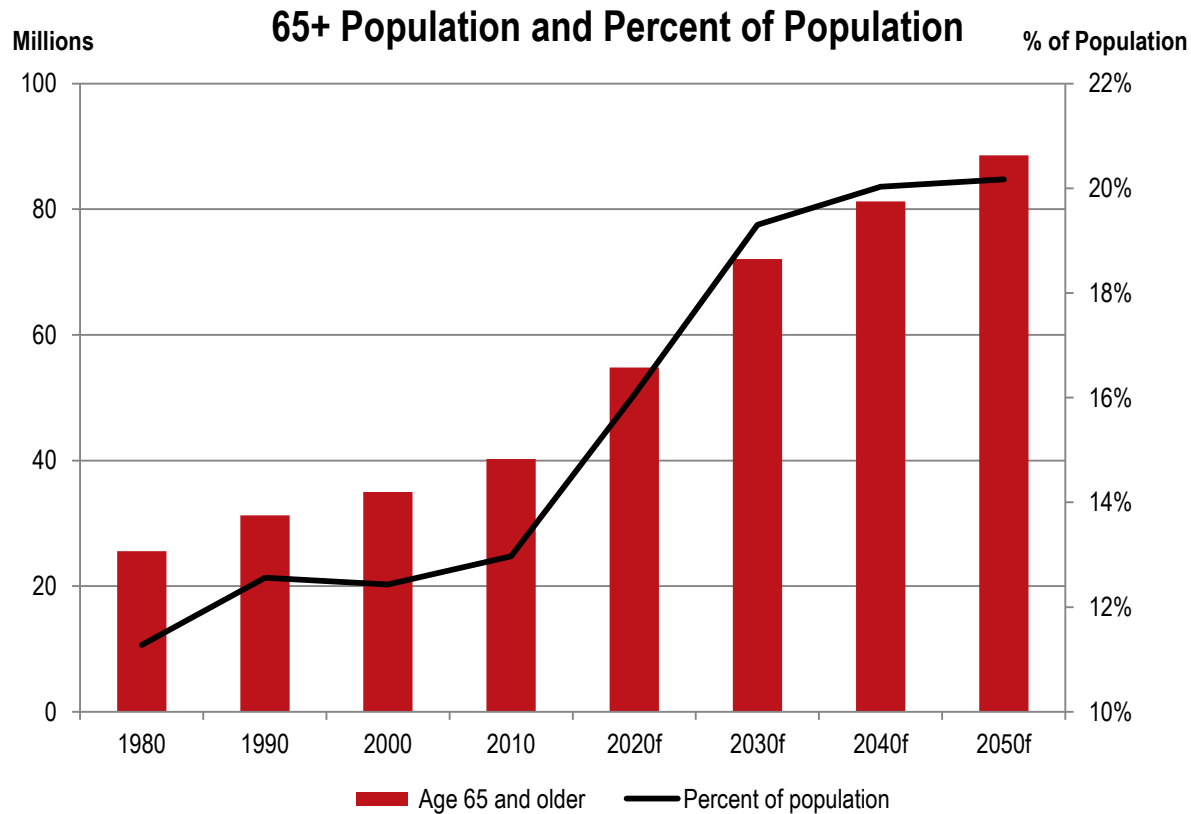


Growth in healthcare prices



Source: Bureau of Labor Statistics, PhRMA

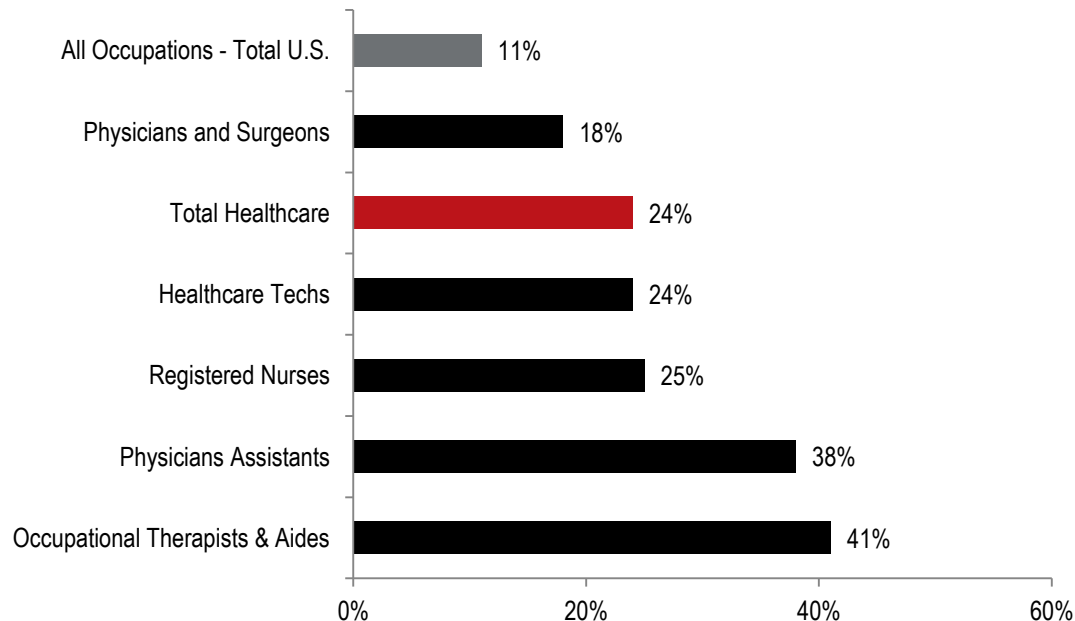
Aging population



Healthcare job growth above average

Healthcare at 24% versus 11% for overall economy

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



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

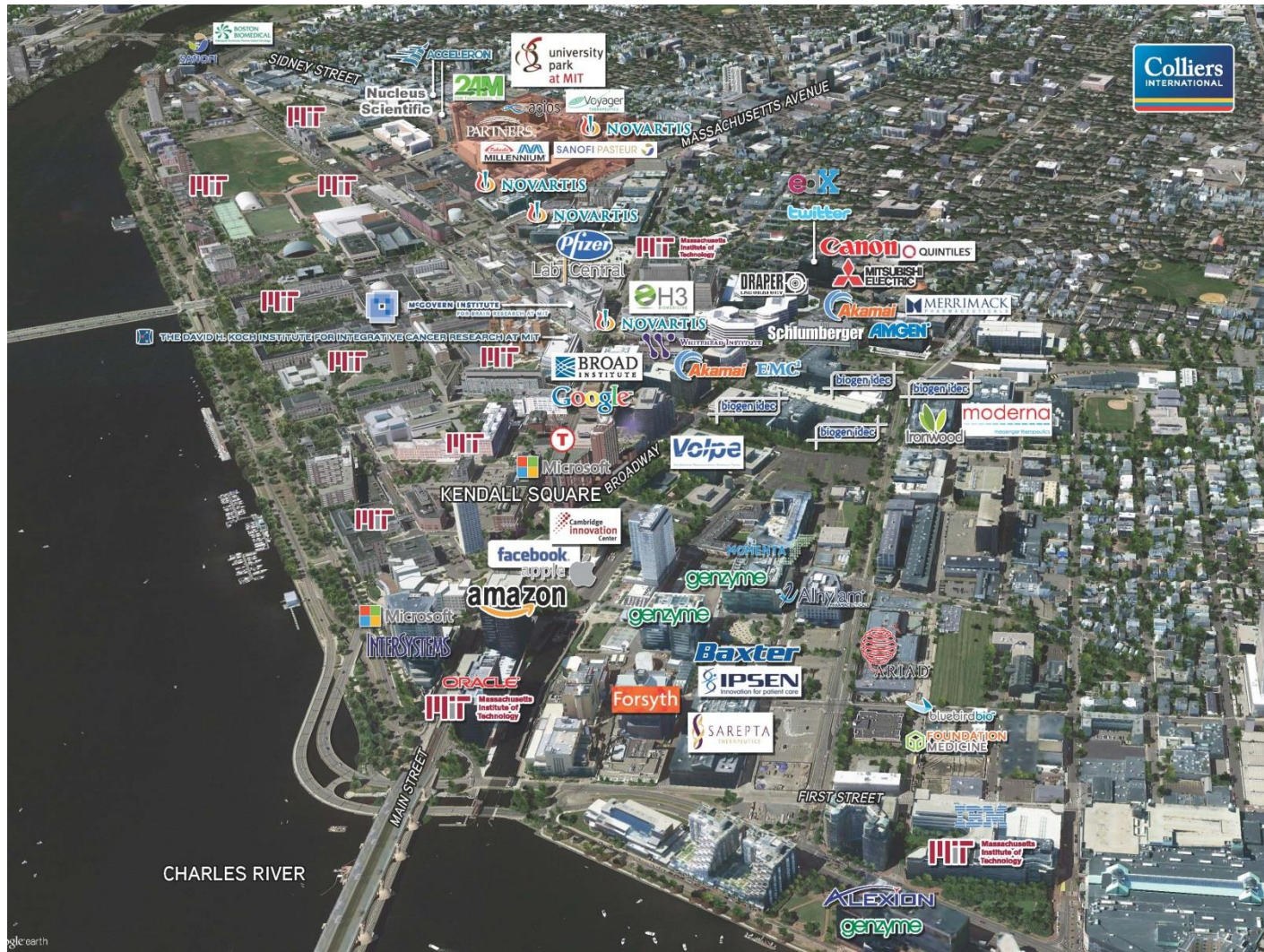
Peter Calkins, Forest City



Boston-Cambridge Healthcare / Life Sciences Cluster



Kendall Square – the hub for innovation

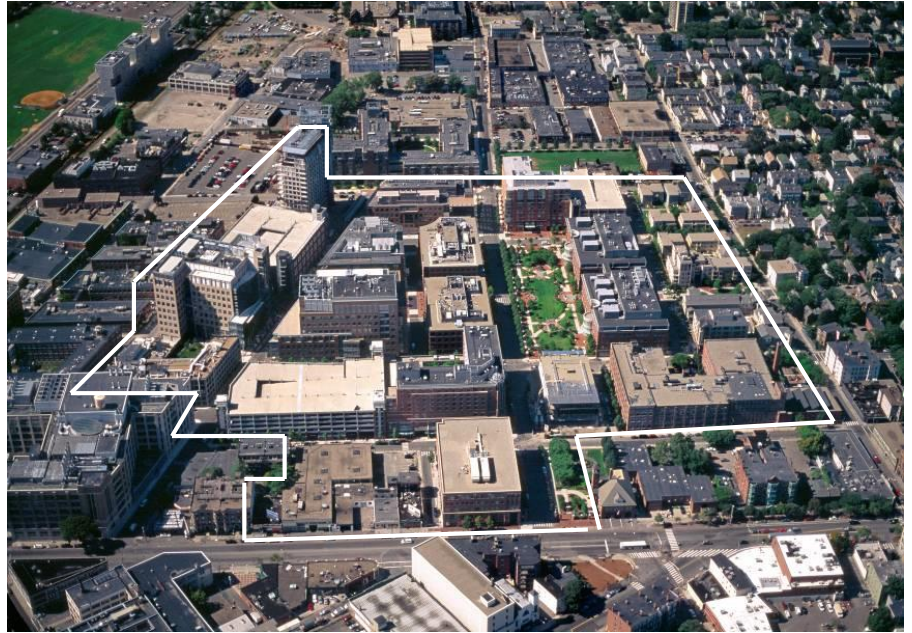
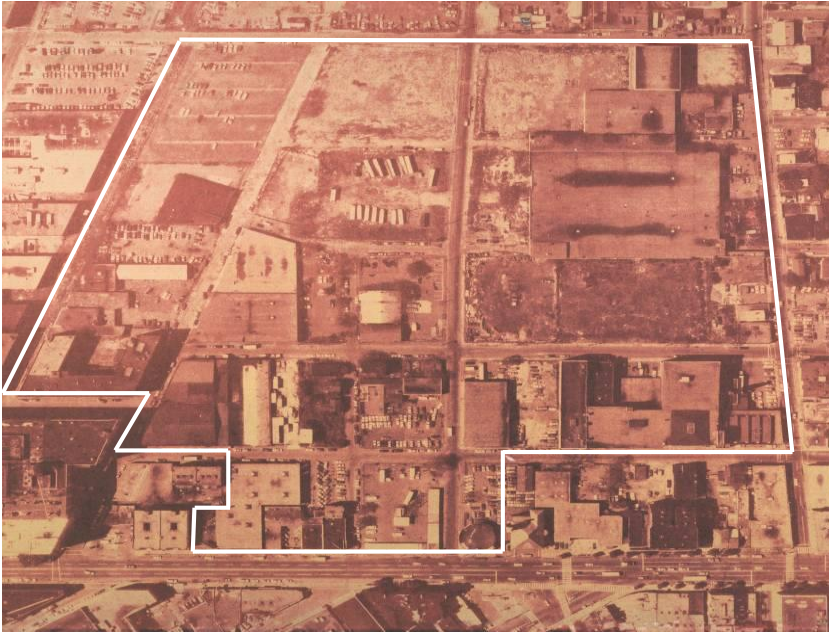


University Park at MIT



- 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



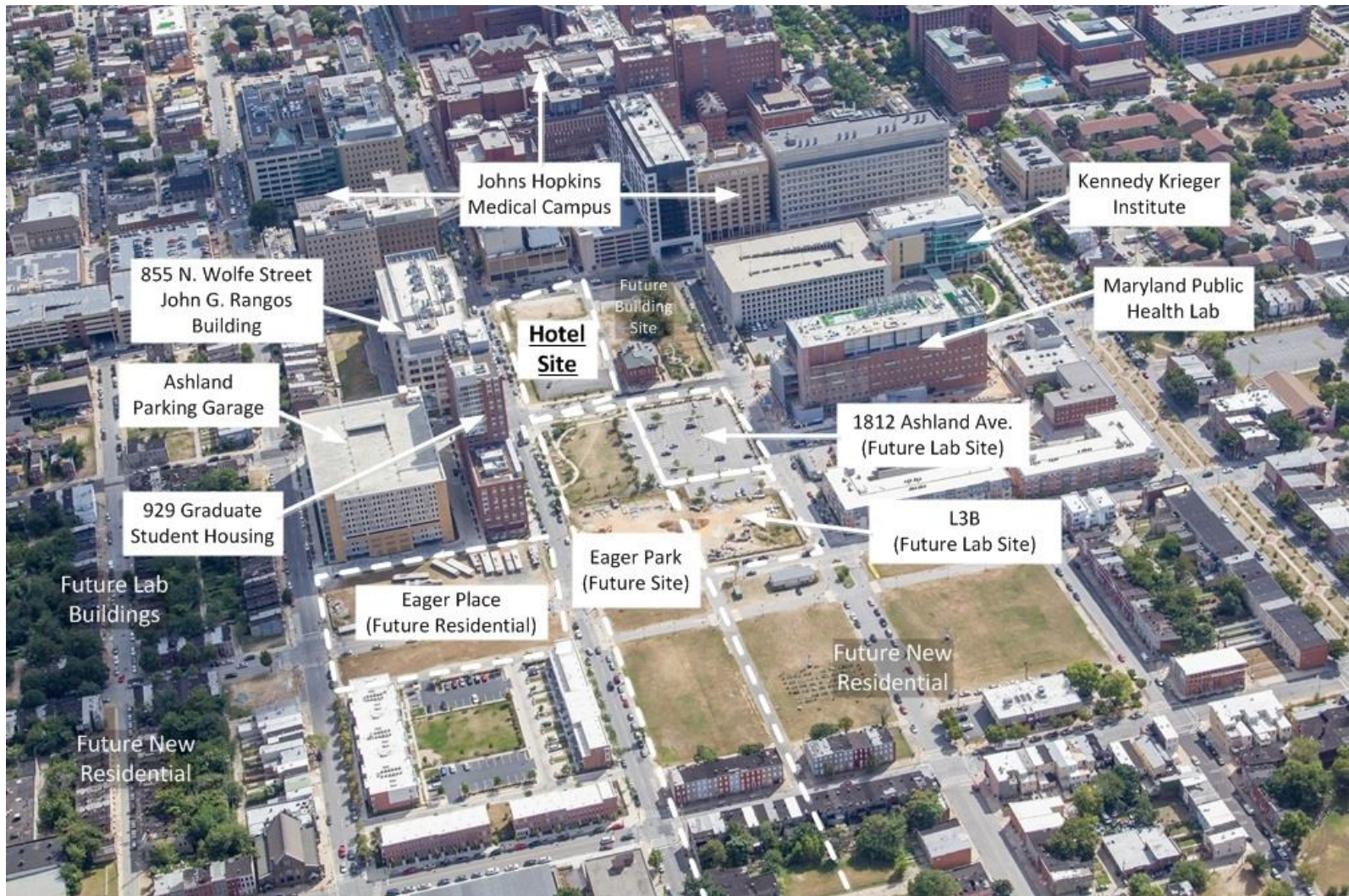
Science + Technology, and New Life Around Eager Park



- 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



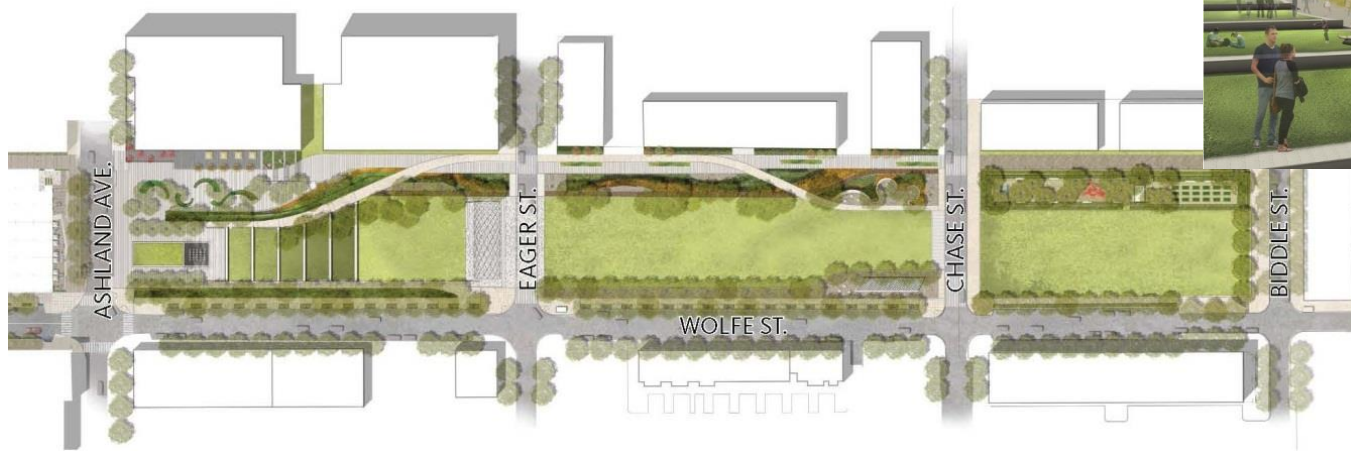
Residential Opportunities of All Kinds



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

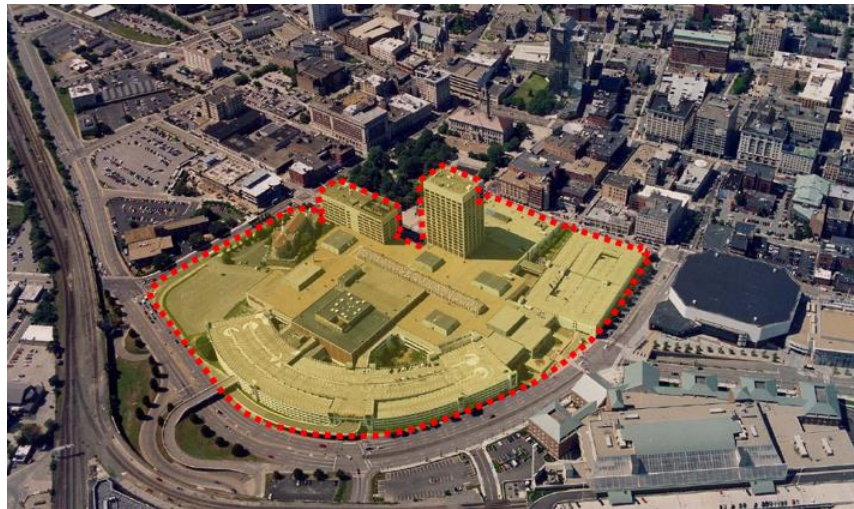


- Case Study #2: Boston Medical Center, Boston, MA

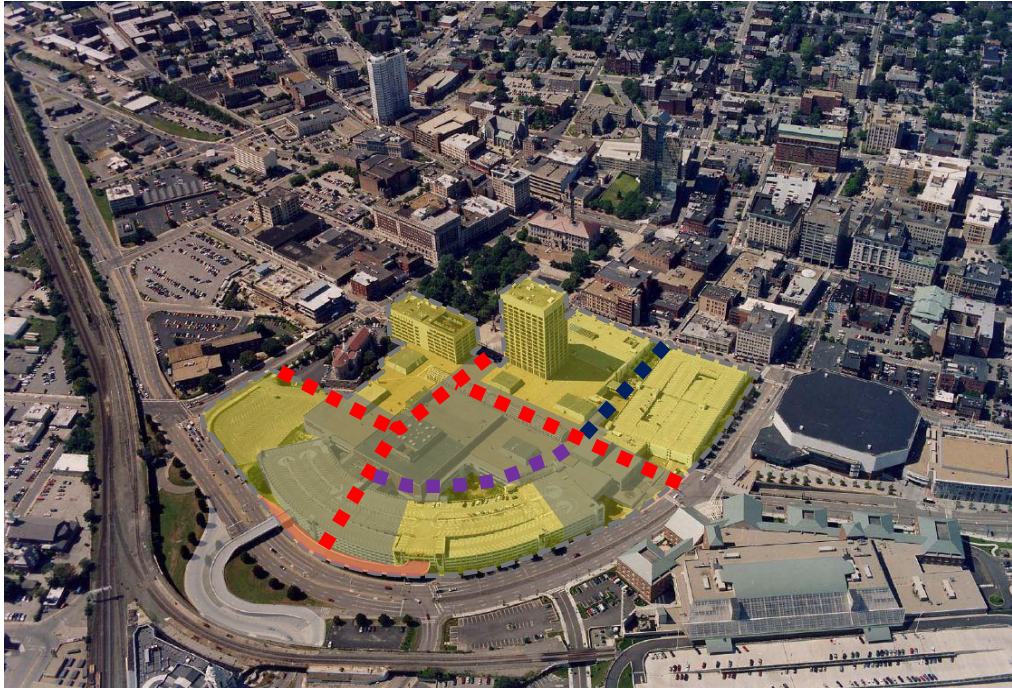


CitySquare, Worcester, MA

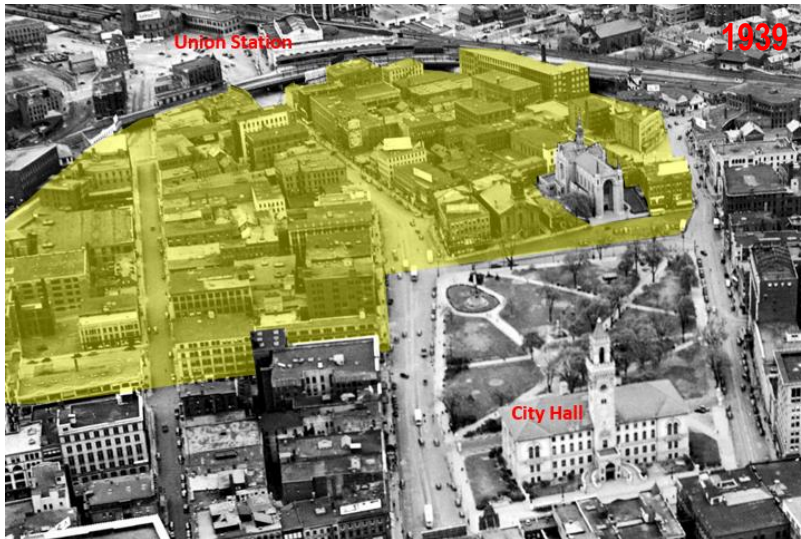
- CitySquare is a 2 million SF mixed use development project set on 20 acres of downtown Worcester, 2nd largest city in Massachusetts
- Former Worcester Galleria Mall that bisected the city
- Project objective, demolish a defunct mall constructed in 1971, re-establish a public street network, transform 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



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 | ➤ Hanover Insurance | ➤ UNUM Insurance |
| ➤ The State of Massachusetts | ➤ Berkley Investments | ➤ St. Vincent Hospital |
| ➤ Federal Government DOT | ➤ Archdioceses of Worcester | ➤ 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

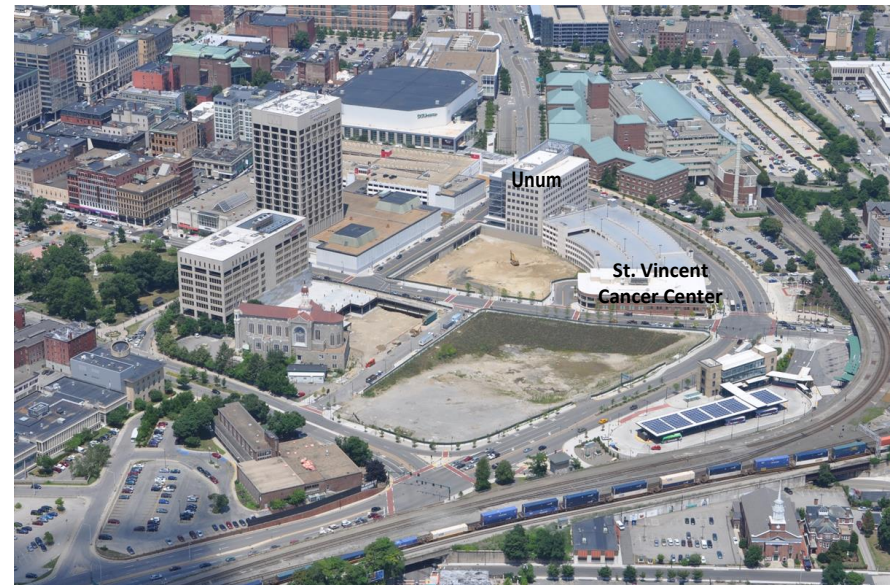
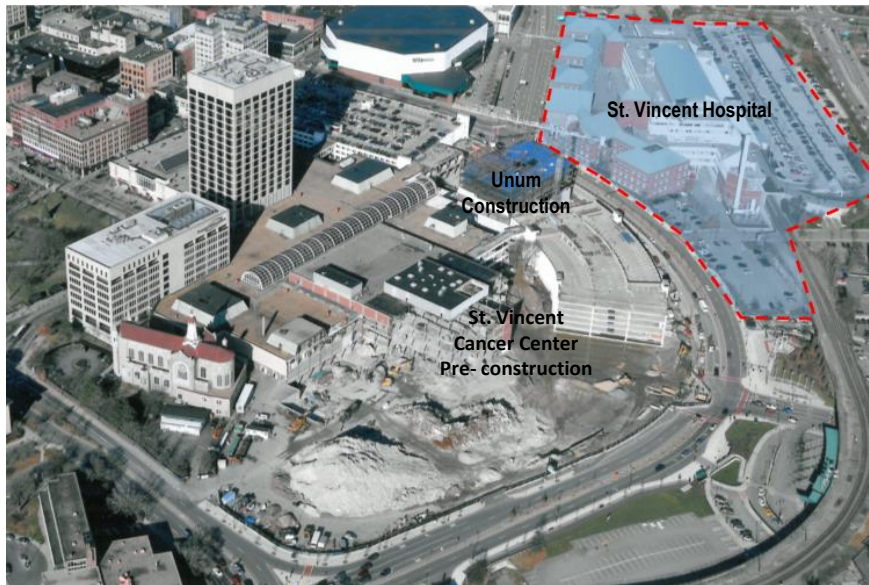
- \$450+M
- 440 residential units, 166 hotel rooms, 400K sf office, 66K sf medical, 40K sf retail
- 1,900 parking spaces



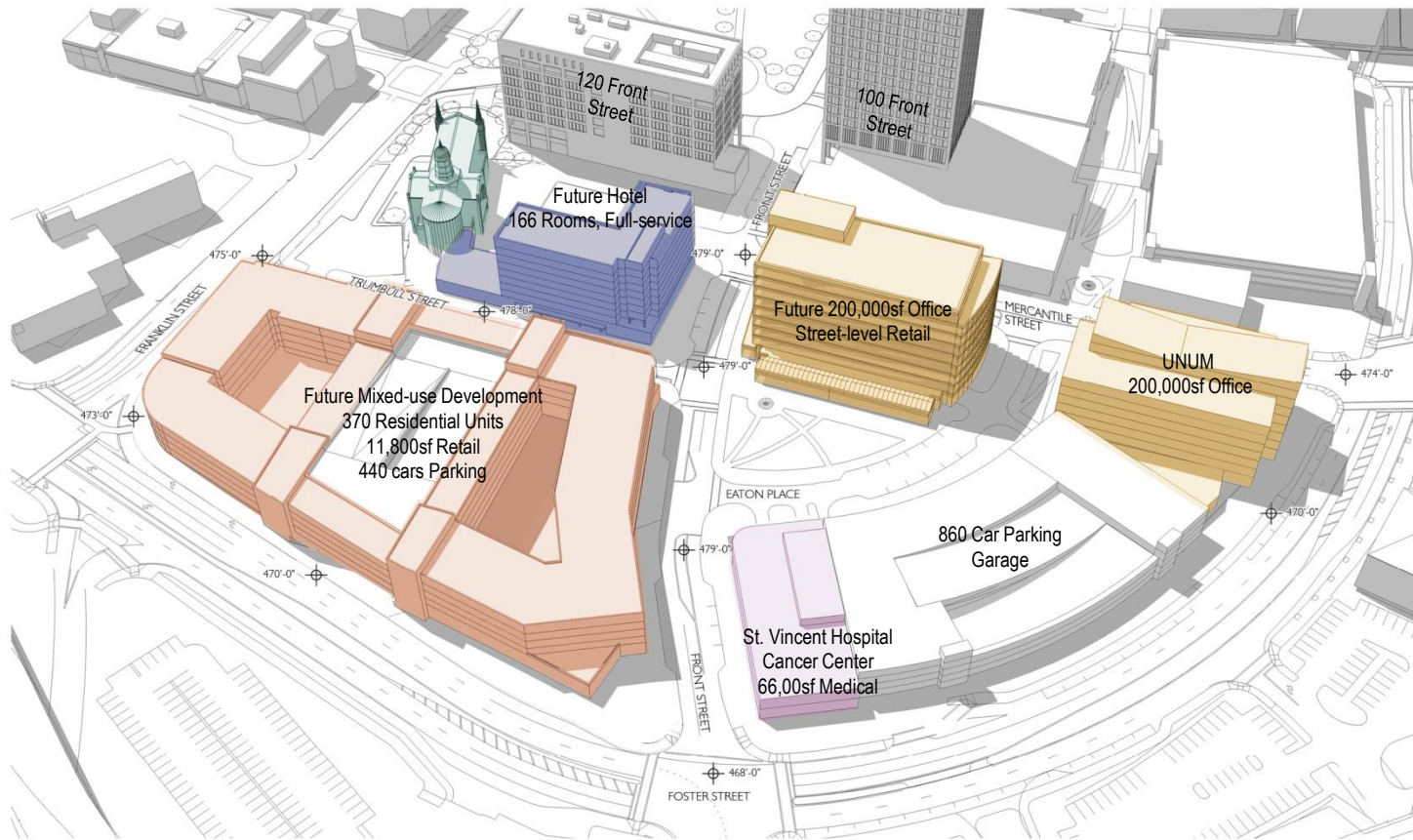
CITY SQUARE – DEMOLITION PROGRESS

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

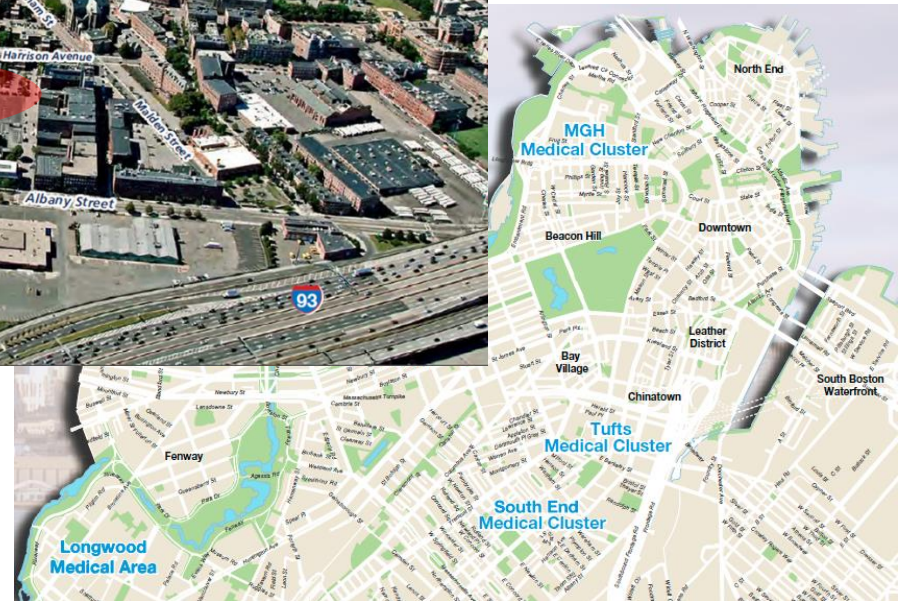


CitySquare



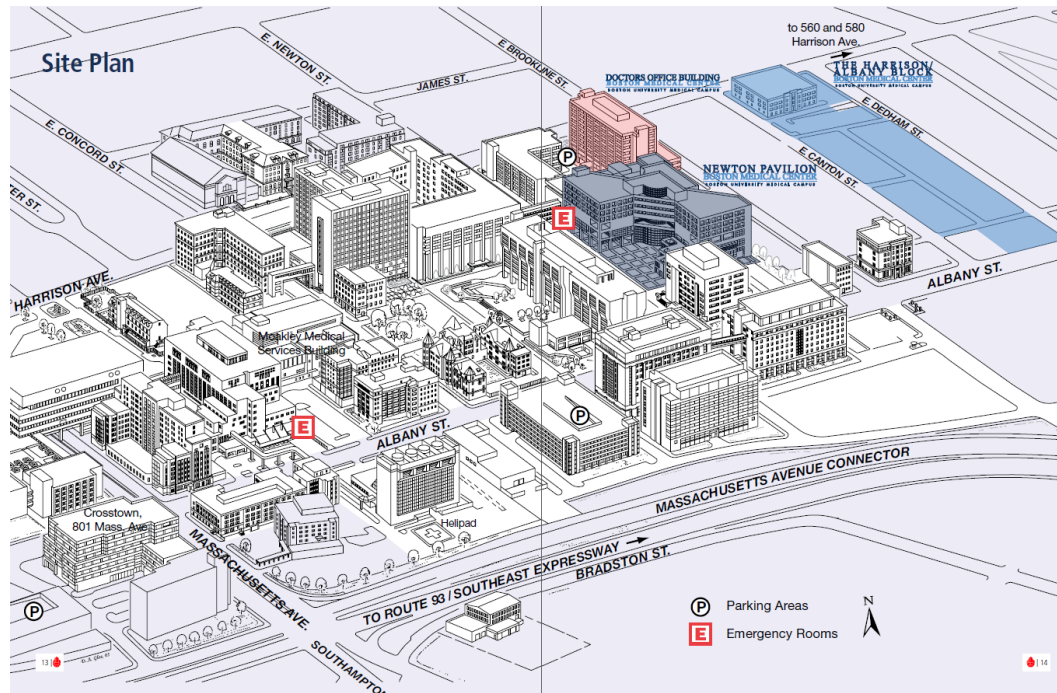
CITY SQUARE – Potential Full Build-out

Case Study #2: Boston Medical Center



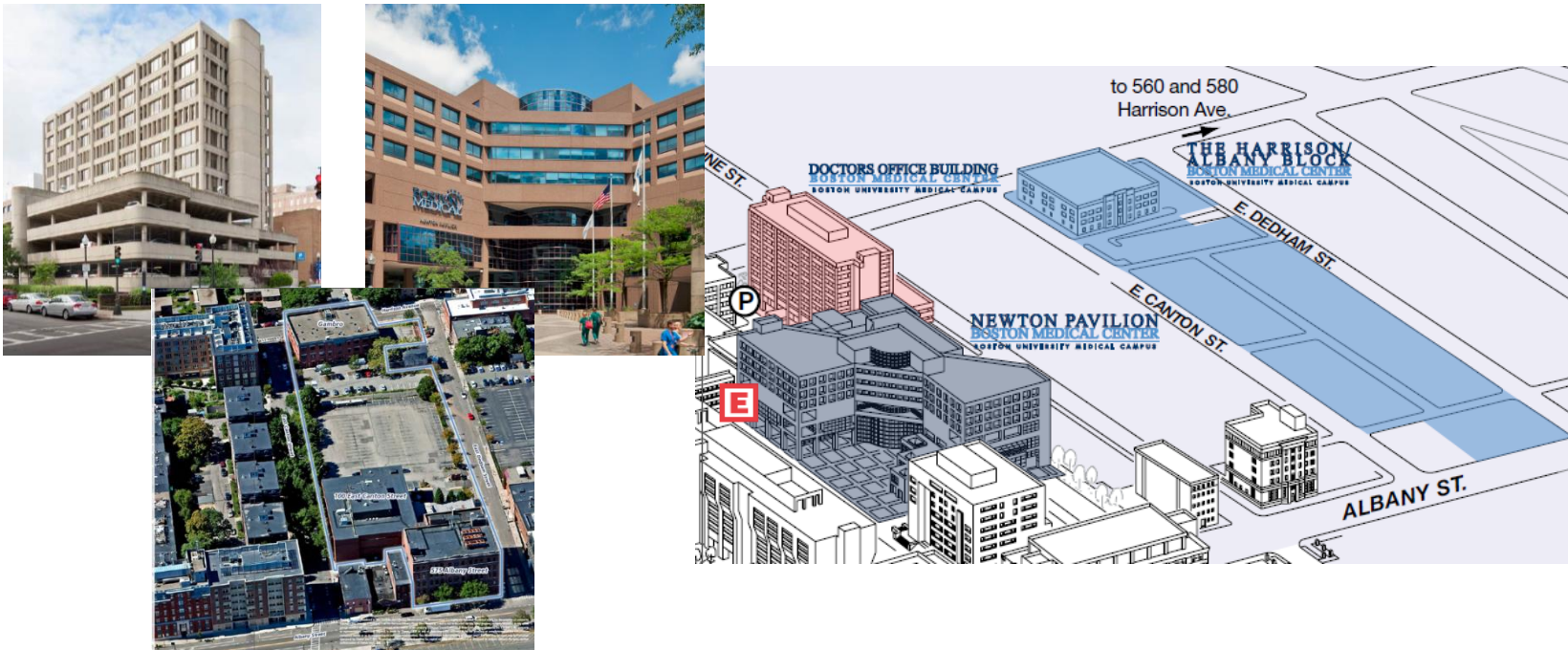
Boston Medical Center History:

- 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

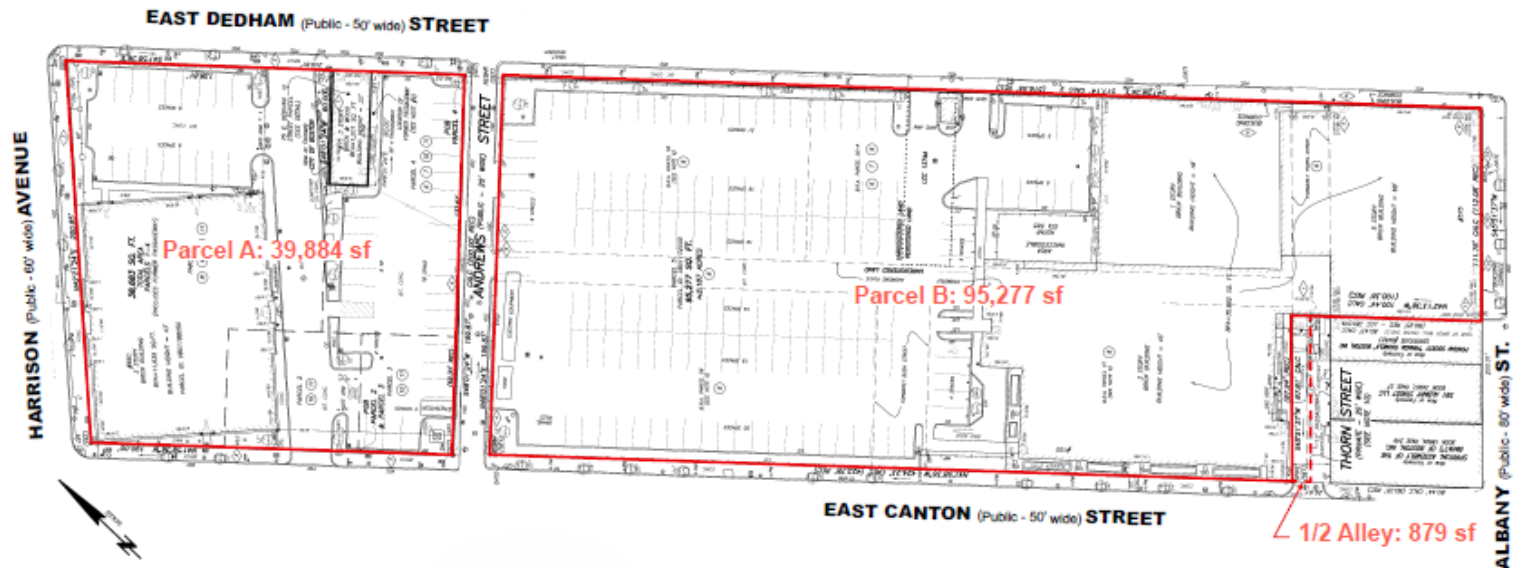
+ 1/2 Vacated Alley, 879 sf 96,156 sf

Parcel A + Parcel B Area: 135,161 sf

+ 1/2 Alley: 136,040 sf

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



BOSTON
MEDICAL