

**Economic Development Advisory Board  
Lab & Bio/Life Sciences Subcommittee  
Minutes**

March 16, 2021

8:30-10:00 AM held remotely via Zoom

*EDAB Board Lab Subcommittee members in attendance (noted by Y/N)*

Cliff Brown	Y
Marilyn Newman	Y
Carol Levin	Y
Paul Saner	Y

*Staff present:* Kara Brewton, Meredith Mooney

*Guests included:* Frank Nelson, executive managing director of Newmark, and Duncan Gratton, Executive Director of Cushman & Wakefield

*Members of the Public:* Jennifer Gilbert, John VanScoyoc and Jeff Wachter

*Materials provided ahead of time to the Board & via links in the agenda included:* 3/16/2021 agenda; draft minutes for 3/2/21 meeting, with edits proposed by Subcommittee members.

Paul Saner opened the meeting remotely via Zoom due to COVID, ensured all members were able to participate with audio and video, and announced that the Zoom meeting would be recorded with Zoom transcript feature enabled to facilitate the preparation of summary minutes.

Paul welcomed and thanked the guests for providing a high-level overview as to market demand for lab uses generally and in Brookline; different types of lab uses and life science space; and key parameters necessary for lab sites to work physically.

Frank began with an overview of the Greater Boston, Longwood Medical Area (LMA), Fenway and Brookline markets. Informal discussion ensued amongst the guests who work with one another. Subcommittee member questions were posed about these and related topics. Key points are summarized below.

Cambridge and the metropolitan Boston area is the epicenter of the US lab market. Absorption in 2019 was 1.3 million square feet, and that was exceeded in 2020 during Covid. The market is both institutional and developer / investor driven. There is about 8 million square feet of space requirements for both existing and start up life science labs. Recently there has been publicity about a number of new lab sites; however, not all of those sites are available now since necessary zoning isn't in place.

The LMA is one of four academic medical markets. Due to the Harvard teaching hospitals, this cluster receives more NIH grants than any other cluster in the country. The other medical school driven submarkets are MGM / Mass Eye and Ear; Tufts in Chinatown; and Boston Medical Center including Boston University.

LMA institutions have over time decanted clinical outpatient and office from the constrained high value direct patient core hospital area. This has taken place in adjacent Fenway and west along Route 9 and the Green Line D Reservoir branch. Route 9 is now an established medical corridor with Clinical outpatient for all of the major institutions from Children's at Brookline Village, Brigham's at 850 Boylston, Beth Israel at Chestnut Hill Square and Dana Farber at the atrium. Frank knows this market due to his longstanding work representing Children's Hospital. Many decision makers, both on the tenant and investor side, are very familiar with the Route 9 corridor.

Brookline is surrounded by life science clusters. Longwood until recently was dominated by the LMA medical tenants, but that has now become a true research lab location as will Related Beal's Kenmore Square development. Nontraditional locations such as Allston<sup>[CL1]</sup>-Brighton, Watertown, Somerville, and Dorchester Avenue in South Boston are evolving markets.

Do you think Brookline needs a critical mass to attract lab tenants like is the case in Longwood?

Steve Samuels, who redeveloped much of the Fenway, has more recently pursued life science lab development in that market. Previously the Fenway had very little lab. Samuels began with getting the level 2 zoning for this use in place, with specifics like parking ratios. Samuels and his partners, initially JP Morgan and now Alexandria, proceeded with a 500,000 square foot development speculatively (without a tenant in place). His most current Fenway project was begun with no tenants and as of last week is, other than space hold backs, now fully committed by state-of-the-art research companies. The importance was stressed of having a project underway to attract tenants, and a developer who meets commitments.

How important is it for there to be a cluster of life science space in a potential market like Brookline?

There is a definite clustering tendency, and being the first isn't easy. An important consideration for many tenants new to a market is room for expansion. Most first, second, and third generation life science companies are projecting growth. This doesn't mean there isn't a market for 150 – 200,000 square foot lab buildings. In Somerville as an example, buildings-projects being delivered in phases helped lease the first building. Brookline's location within Rt. 128 and public transportation are advantages, as is the existing medical office along Route 9. Brookline Village is unique cool place that cannot be recreated in many of the markets we work in. Scientists like walkable commercial areas and labs make for good neighbors. There are some mixed-use lab buildings but generally not with residential.

For Brookline's zoning to be hospitable, do we need to accommodate anything beyond Level two?

Frank recalled in the debate over a level 2 bio lab at 2 Brookline Place that a vivarium component created concerns. Today the space requirements for animal research are smaller, but this remains an essential component. Level 3 is rare.

What do you think the parking requirements need to be?

More is better for leasing to life-sci executives. While not lab use, Frank noted that Brookline properties he has leased over the years have had the right amount. It was noted that Boston parking is 0.7 per thousand square feet, Somerville 0.9, while Watertown with municipal pressure is 1.5-2. Further out the

ratio is 4 spaces, and that is free. In Brookline, parking east of Cypress costs. Parking is a competitive advantage, and having little a challenge.

Expand on the Samuels Fenway project including the mix of office / labs and how the rent might compare to Brookline Place?

That project is after 20 years of work by Samuels in the Fenway, starting with getting the zoning right and sequentially building a residential and retail ecosystem attractive to all age groups before the 900,000 square feet of office at Landmarks Center. All of that is lab other than 120,000 square feet of office for a venture capitalist in the life science sphere.

It was clarified that a lab tenant may have as much as 40 - 50% of its contiguous space as general office. Much research is done on computers nearby the lab bench. As startups grow, so does the need for general office. The bulk of the market is in the 20 to 50,000 square foot tenant range. When a 25,000 square foot lab develops a product, the general office component expands.

Specialized base building infrastructure for lab space is different than an office building. The minimum floor to ceiling is 13.5 feet, with 14.5 - 15 more the norm and up to 18 feet in suburban markets. Floor and mechanical rooftop height are really important, -more so than the loading dock and the back of the house operations. The Watertown requirement that 50% of the roof space be solar is challenging for roof top equipment.

What about fossil fuel free labs?

Neither broker had experience with this, nor recall a lab tenant who asked. Tenants want a reliable infrastructure, including backup generators. Concern was expressed over this being a marketing impediment due to some believing the cost will be higher. One word that makes both the investor developers and the tenants comfortable is certainty.

What about possible lab sites along Route 9?

Most of the leases have been medical office related for existing buildings and smaller sites. The success at the Atrium is indicative of the potential, and that was done on spec before the recent lab frenzy. There was interest by several labs, but larger institutional users (100,000 square feet) were better options. Today that critical mass building with lots of parking could be all lab.

A lab building needs a scale of at least 150,000 square feet of building due to infrastructure costs such as meeting vibration standards. That could be occupied by 3-5 tenants.

For Chestnut Hill West to attract lab use, what other mixed uses are important?

Proximity to where talent lives and the LMA / Kendall is the most important consideration, which this location within 128 has. A mix of uses is important, but there are also nearby urban amenities a short ride away. If a site becomes available, the Brookline location has a lot going for it.

What is the smallest floorplate that works?

Duncan indicated Somerville is 35,000 square feet, and the success of a Watertown site of 20,000 on top of amenities remains to be seen. 25 – 30,000 is a better minimum.

What about other areas of Town?

If large enough, a site along Commonwealth Avenue or Beacon Street might have interest, but that would be site specific.

How would rents at Brookline Place compare to Longwood?

The better comparison is Fenway. Longwood is vertical bed to bench, different than the more second and third stage life science in Fenway and Watertown. Construction in Brookline Village is in tight quarters, and vertical construction is at a cost premium. Institutional is seen as possible at Brookline Place. Higher rents are needed on a basic return on cost principle, and might be similar to Fenway and maybe Watertown.

What about Old Lincoln School, a 90,000 square foot narrow site?

From a locational point of view, it is in the realm of possibilities assuming ceilings are high enough.

What about lab land values?

That depends on how many square feet of building can be constructed. In Longwood / Fenway, the range is \$250 – 500 per square foot depending on how many boxes can be checked, notably permitting certainty.

What is meant by permitting?

Having the zoning in place, along with a predictable special permit process. All of the zoning needs to be done by the developer before a tenant will become interested.

What municipalities would you suggest we network with?

Other than limiting parking, Somerville has been very proactive for labs at targeted industrial locations, different than Brookline's high land values. Watertown gets it, but is getting a little greedy with real estate taxes and solar on the roof.

Based on the Somerville experience, how can we best set our zoning for success in a raging market?

The zoning allows pretty much anything that we've talked about today from a life science perspective. Consensus or at least confidence that the community wants this use is important. While LMA institutions are already in Brookline, investors will move on to a more welcoming community as long as there is access to Kendall. Supply will increase choices. All of the hard zoning work has to be done by the developer before an institution will get involved. Flagship, a Cambridge based venture capital firm, negotiated leases on behalf of three of its life science startups in the first of three buildings totaling 1 million square feet to be developed under an approved master plan. Residential abutters were generally supportive due to the improvement to not only the neighborhood, but the addition to the tax base.

In Fenway, what percentage of the market is institutional versus private and what do you think we could potentially expect in Brookline?

In the new Samuels building, 25% is institutional and 75% private. However, there were institutional users in place before more recent development.

What about programs to ensure community employment benefits?

Putting employment commitments into leases hasn't been done in this market.

#### Subcommittee Organizational and Other Business

The Subcommittee VOTED by roll call vote to approve the February 16, 2021 meeting minutes as edited by member comments (in favor: PS, CL, CB, MN).

Our next meeting has been rescheduled from March 30th to April 6th and will have as guest's ~~National development~~ Development and Berkeley. After discussion, it was concluded to not meet with any more developers including WS Development. Boston University (BU) doesn't appear to be a significant demand driver, but that could change. BU will be moved up to the 13th for half of the agenda followed by member and staff discussion. The early May meeting to hear from municipal planners could be advanced to April 27th. It was suggested that Somerville and Watertown be invited.

Looking more at the long-term potential of Old Lincoln and U Haul sites was discussed. Questions about property value and minimum property depth for other potential sites were raised. Tom Nally will be asked about a high-level site viability analysis for lower Boylston and Alan Christ will be asked this for other sites including Commonwealth Ave.

This Spring's Town Meeting includes two fossil fuel free warrant articles, similar to the November 2019 Article 21, propose to entirely exempt labs until any future Town Meeting action. The reason for this is that the Article 21 exemption incorrectly pointed to labs being regulated by DPH. It was noted that the health and safety consultant we heard from referenced the many Federal agencies involved in regulating all kinds of lab related stuff. It was agreed that we should continue to ask those we meet with about this, while deferring any action. The proponents of those articles have expressed similar intentions.

Meeting adjourned at approximately 10 am.