

Brookline Linkage Nexus Study

Development and Employment Projection

Working Group Meeting

September 6, 2023

Agenda

- Market conditions and Brookline past non-residential development
- Interview summary
- Development projection and estimated employment impacts
- Income levels for affordable housing demand estimate

Methodology for Development & Employment Projection

- Review of Town plans and reports
- Review reports and data on Boston region real estate market conditions
- Review Costar data on Brookline office market inventory and absorption
- Analysis of Brookline development projects $\geq 20,000$ SF, 2013-2023
- 15 interviews with property owners, developers, commercial brokers and consultants
- Use and business tenancy assumptions reflect development plans and broker information on current market demand
- SF per employee assumptions draws on multiple sources
 - Cambridge data from transportation management surveys
 - BPDA standards from secondary data and research
 - Interviews with developers and brokers

Boston Metro Office Market Conditions

- Declining demand for office space resulting in historic levels of available space and negative absorption
 - 36 million SF available (19.7%) as June 2023 – a record
 - Negative absorption of 4.3 million SF during first 2 quarters of 2023
 - Follows negative absorption of 2.5 million SF for 2022
- Suburbs have a slightly lower availability than Boston but still at 20%
- Inner suburban area had 13% availability rate (675,000 SF) in 2 quarter and -7,200 net absorption of space year to date
- 128/Mass Pike market is faring worse with 20% availability and -1.1 million in net absorption year to date`

Costar Data on Brookline Office Buildings

- 60 buildings with 772,589 SF of space
- No additions to inventory in last 20 years
- Low availability of 4.9% (37,760 SF) as of second quarter, 2023
 - Decline from peak of 6.1% in 2020
- Modest positive net absorption of 7,900 SF in 2022 and 8,600 year to date in 2023
- Average rents range from \$25 to \$32/SF over past five years

Boston Metro Lab Market Conditions

- Demand has slowed from pandemic peak but net absorption is still positive
- Available space is growing as new space is outpacing demand and more space is being offered for sublease
 - 1.8 million SF of new space vs. 1.1 million in net absorption for 2023, Q1
 - Available space rose from 2.6% to 8.6% in the first quarter of 2023
- Inner suburban area had 22.5% availability rate (700,000 SF) in 1st quarter with only 74,000 net absorption for the quarter
- 128/Mass Pike market area is faring better with 9.30% availability but -67,000 net absorption in the first quarter of 2023
- Large regional project pipeline with 17 million SF in active development

Brookline New Non-residential Development, 2013-2023

Address	Project SF	Description
700 Brookline Avenue	103,125	New 174 room hotel, parking & restaurant
1100 Boylston Street	123,990	New 130 room Homewood suites hotel
30 Webster Street	73,207	Renovation/reuse for 124 room hotel
399 Chestnut Hill Avenue	91,065	New hotel and retail building
1285 Beacon Street	22,507	MGH/Brigham Urgent Care Clinic*
1010 Commonwealth Avenue	20,000	Boston University building renovation
1 Brookline Place	47,000	Building addition for Children's Hospital
308 Boylston Street	64,000	Audi Dealership
191 Clyde Street	25,518	New fitness building at the Country Club
Total	570,412	

Based on building permit data and project descriptions

* May have occurred in two phases

New Non-residential Development, 2013-2023 by Use

Use	SF Amount	SF Percent
Hotel	391,386	68.6%
Medical Offices	69,507	12.2%
University	20,000	3.5%
Auto dealership	64,000	11.2%
Health Club	25,518	4.5%
Total	570,412	100.0%

Interview/Research Summary – Development Environment

- Brookline presents a very difficult environment for development
 - Zoning is not aligned with feasible scale and uses
 - Long, costly and unpredictable process for rezoning & approvals
 - Cost of negotiated developer commitments
 - Neighborhood and individual opposition can derail projects
 - Lack of public safety & health framework impairs life science development
- Constraints and costs for potential redevelopment and sites
 - Site size, redevelopment costs, need for site assembly
- Location and public transit access are key advantages for Brookline
- Current market conditions favor residential development

Interview/Research Summary – Development Opportunities

- Strongest demand for medical offices & retail (restaurants & services)
- Mixed views on potential for more hotels & lab development in Brookline
- Chestnut Hill Office Park & /Route 9 west seen as best option for larger scale development
 - Identified as key life science development opportunity in EDAB report
 - New owners of office park site envision residential & lab development with some retail
 - The Growth Companies has plans for redevelopment with medical offices & retail
- Based on developer and informant interviews, other sites are seen as not feasible or better suited for residential
 - Cypress St./Route 9 site too small with narrow depth
 - TJ Maxx & Stop and Shop sites face ownership barriers and more suited for residential
 - River Road/Brookline Ave- developers assembling sites are interested in residential
 - Cost to acquire, demolish & redevelop 10 Brookline Place likely prohibitive

Potential New Development by Site and Use

Site	Use	Estimated SF	Status
Waldo-Durgin Project	Hotel	147,000	Going through permitting
Chestnut Hill Office Park	Lab/Retail	~450,000	Early planning; requires rezoning; assume 50% of new space with 4.0 FAR
Herb Chambers Porsche Dealership	Retail Auto Dealer	62,000*	Going through permitting for a Major Impact Project Special Permit
Fred Margolis sites in Chestnut Hill	Medical Office/Retail	85,000	Early planning; likely requires ~ 4.5 FAR
834-836 Commonwealth Avenue	Boston University School of Communications	162,000	Master Planning- 5 year occupancy goal
776 Commonwealth Avenue	Boston University Academic Building	120,000	Master Planning- 6-10 year occupancy goal
Total		1,033,380	

Estimated New Jobs by Use for Projected Development

Project	Use	Estimated SF	Occupied SF*	SF/Employee	New Jobs
Waldo-Durgin Project	Hotel	147,000	147,000	3,000	49
Chestnut Hill Office Park	Lab (92%)	420,790	378,711	450	842
Chestnut Hill Office Park	Restaurants/Food Service (5%)	22,869	20,582	150	137
Chestnut Hill Office Park	Other retail/services (3%)	13,721	12,349	500	25
Porsche Dealership ¹	Retail Auto Dealer	47,538	47,538	500	95
Fred Margolis/Chestnut Hill	Medical Office	60,000	54,000	300	180
Fred Margolis/Chestnut Hill	Restaurant (50% of retail)	12,500	11,250	150	75
Fred Margolis/Chestnut Hill	Retail /Services (50% of retail)	12,500	11,250	500	23
BU School of Communications ²	University	162,000	162,000	NA	49
BU Academic Building ³	University	120,000	120,000	NA	36
Total		1,018,918	964,680		1,511

*Assumes 10% vacancy for lab, medical office, restaurant and retail space

¹ Increase in SF from current dealership used for employment impact

² Based on BU estimate of employee growth for SoC by 2033

³ Prorated by space based on SoC estimate

Estimated Industry/Business Type for Retail/Service Space

Business Type	SF	%
Fitness center	5,000	21.2%
Bank branch	2,000	8.5%
Pet care	2,000	8.5%
Hair, Nail, Skin Care	2,000	8.5%
Childcare	5,000	21.2%
Sporting Goods, Hobby, & Misc.	7,600	32.2%
Total	23,600	100.0%

Potential Affordable Housing Income Levels for Linkage

- Very low-income: 30% of Area Median Income (AMI)
- Low-income: 50% of AMI
- Moderate Income: 80% of AMI
- Middle income: 100% of AMI
- Inclusionary zoning uses 50%, 80% and 100% of AMI

Appendix: Plans and Reports Reviewed

- Brookline Comprehensive Plan, 2005-2015
- Vibrancy Study: Life, Activity, and Energy in Brookline's Commercial Areas, 2014
- Bringing Back Boylston: A Vision and Action Plan for Route 9 East, 2015
- Perspectives and Opportunities for Brookline's Commercial Areas, 2018
- Major Parcel Study, 2018
- Rapid Recovery Plan, Coolidge Corner and JFK Crossing, 2021
- Economic Development Advisory Board, Laboratory and Bio/Life Sciences Subcommittee Report, 2021
- Colliers Office Market Viewpoint, 2023, Quarter 2
- Colliers Lab Market Viewpoint, 2023, Quarter 1
- CBRE, Boston Metro Lab Report, 2023, Quarter 2