

Memorandum

August 25 2015

To: Lee Newman and Devra Bailin

Fr: John Connery

Re: Future Land Use Mix Gould St. and Reservoir St. Industrial Zones

The following memo is my best estimate regarding the nature of future land uses in the above referenced areas assuming redevelopment during the next twenty years.

While redevelopment can occur at any time and on any existing parcel due to an owner's decision, it is my belief that the relatively small parcel sizes that characterize both areas is the key deterrent for significant redevelopment regardless of the areas highly desirable location along RT 128 (I-95).

In my build out report dated June 25th the tables are organized around existing single large parcels or "assembled" parcels. The assembled parcels are designed to accommodate redevelopment that is at least double the development intensity of the existing uses and allow for appropriate off street parking facilities; otherwise, for the very large majority of parcels no redevelopment (except for one to one replacement of existing uses) could take place. Please see the June 25th report for more details.

The assembled parcels tend to be at least 70,000 sq ft. and are assembled from abutting parcels and respect existing rights of way. While there are likely numerous parcel assembly plans, I believe that they represent a logical redevelopment pattern that could permit redevelopment to an FAR of 1.0 or higher. My comments below rest on the premise that my hypothetical parcel assemblies or something like them will be necessary for re-development of both areas.

It is instructive to note that while both areas allow for industrial use, there is very little industrial activity, indeed there is no manufacturing use in the Gould Street District and only 20% of uses are classified industrial in the Reservoir Street. District. Long term market forces and lot sizes have created second tier office districts along with a supporting warehouse and distribution facilities

Specifically, Gould Street is 54% office use and up to 68% office use if you combine the land use codes for office and office/operations. Warehousing and distribution comprise 19% of the uses, and automotive sales 9%. Retail uses (wine store) and child care round out the measurable use categories in the Gould Street district. Similarly, Reservoir Street is comprised of 52%

office use, warehouse and distribution represents 27% of all uses and manufacturing is at 20%. There are minor restaurant and auto repair uses.

The current land uses are likely a logical reflection of viable use given small lot sizes and parking supply that does not meet current standards. It is in my opinion that existing use percentages are what may occur if redevelopment can be incentivized. However, it is important to note that new development would likely be first class office space and further that research and development uses will likely also play a significant role. Given the central location of both districts within the regional market area it is also likely that warehouse and distribution would also be a strong future use but the nature of the products stored and shipped would be of higher value than currently is the case; most likely medical, pharmaceutical or electronic oriented products.

While I believe that some residential use (apartments or condominium) could be possible along the Charles River in the Reservoir Street District, the general nature of the future uses in both districts will reflect the emerging characteristics of the western portion of the Rt128 corridor i.e. first class office/corporate headquarters/research and high end warehousing and distribution. The location characteristics of both sites and overall size preclude major retail centers.

In general terms, I believe a 60% office/research component and a 40% warehouse distribution component is the most likely general land use mix. High end pharmaceutical manufacturing and similar activities are a possibility and while traditional manufacturing may linger in the area, land values will likely preclude future expansion of traditional manufacturing. Also, examination of suburban pharmaceutical locations in the 128 area suggest that considerable acreage would be required for major pharmaceutical operations; see Rt. 2 in Lexington where sites are 10 to 20 acres or larger. It is possible but it would require a major parcel assembly effort.

Therefore, Needham could model traffic generation on any of the "assembled sites" and the districts in general using the 60/40 scenario suggested. Obviously, current traffic would be deducted to generate a net increase for whatever FAR you would be testing.

It is important to note the term office use is changing as we speak. The number of employees per square foot has declined considerably in the past 25 years, and staggered shifts are no longer the purview of manufacturing, and remote work sites are no longer rare. My point being that traffic generation from office uses needs to reflect, as much as possible, up to date data.

Research and development, while a very high end development in fiscal terms, tends to generate fewer employees per square foot than traditional office use and therefore less vehicular traffic. Any selected the balance between office and research use may need to be examined at different ratios but given our inability to know for sure I'd suggest a 50/50 ratio.

It is my opinion that both districts will maintain the status quo and in relative terms become less fiscally valuable over time unless parcel assembly can occur. Said assembly can be incentivized to a certain extent by new zoning that permits by right (assuming traffic improvements can be identified) a significant amount of new growth; likely at least a doubling of the current FAR 0.42 and 0.44 development levels. Allowing a significant reuse potential by right with appropriate dimensional and parking requirements will likely serve to generate interest in parcel assembly and redevelopment.

Given the realities on the ground and the land use trends on similar sites, in and around the 128 corridor, lead me to believe that 60/40 office/research and warehouse future land use pattern is a likely scenario that with revised zoning could occur in next 20-25 years. While similar to current land use ratios the difference would be that office use would be first class, and distribution/warehousing would be for high end products and further, with large enough lots research and development could be introduced to the area.