

LEGEND

- PROPOSED MXD AREA
- PROPOSED RESIDENTIAL
- PROPOSED MIXED USE
- PROPOSED EMPLOYMENT
- PROPOSED GREEN SPACE
- PROPOSED COURTYARD/COMMON SPACE (LOCATION AND SIZE TO BE FINALIZED AT SDP)
- PROPOSED VEHICULAR CIRCULATION - PRIMARY
- PROPOSED VEHICULAR CIRCULATION - SECONDARY
- BLOCK NUMBER

POTENTIAL USES

- BLOCK 1**
 - LAB/OFFICE
 - R & D TECHNOLOGY
 - INTEGRATED LIGHT MANUFACTURING
 - OFFICE/GENERAL & MEDICAL
 - GENERAL RETAIL & PERSONAL SERVICE
 - RESTAURANT
 - BANK
 - COMMUNITY THEATRE
 - ACCESSORY USES CUSTOMARILY INCIDENTAL AND SUBORDINATE TO THE PRINCIPAL OR PRIMARY USE
- BLOCK 2a**
 - RESIDENTIAL: -TOWNHOUSE
- BLOCK 2b**
 - RESIDENTIAL: -TOWNHOUSE
 - TWO OVER TWOS
 - COMMERCIAL: -GENERAL RETAIL -PERSONAL SERVICE
- BLOCK 3**
 - R & D TECHNOLOGY
 - INTEGRATED LIGHT MANUFACTURING
 - OFFICE/GENERAL & MEDICAL
 - MEDICAL CLINIC (REQUIRES SPECIAL EXCEPTION)
 - GENERAL RETAIL & PERSONAL SERVICE
 - HOTEL
 - RESTAURANT
 - BANK
 - COMMUNITY THEATRE
 - ACCESSORY USES CUSTOMARILY INCIDENTAL AND SUBORDINATE TO THE PRINCIPAL OR PRIMARY USE

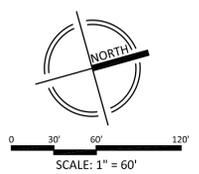
EXISTING ZONING: C-2 & E-1
 PROPOSED ZONING: MXD
 SITE ACREAGE: 15.38±

NOTES

1. LOCATION OF SYMBOLS AND ELEMENTS MAY BE ADJUSTED AT SDP INCLUDING MOVING THE BANK STREET CONNECTION TO THE WESTERN EXISTING ISLAND BREAK.
2. GREEN AREA WILL BE AVERAGED BASED ON THE ENTIRE MXD ZONED AREA. DENSITY TO BE BASED ON GROSS TRACT AREA.
3. AT SDP, PUBLIC STREET 'B' MAY BE REALIGNED TO CONNECT ACROSS STREET 'A' TO QUINCE ORCHARD ROAD.
4. COMMERCIAL DENSITY BETWEEN BLOCKS 1 & 3 WILL BE SHARED, AND NOT EXCEED 0.75 FAR.
5. PUBLIC STREET 'A' MAY BE IMPLEMENTED IN PHASES. TO BE DETERMINED AT SITE DEVELOPMENT PLAN (SDP).

DEVELOPMENT PHASING

- A. BLOCKS 2A, 2B
 - B. BLOCK 1
 - C. BLOCK 3
- * SEE NOTES 4 AND 6, ABOVE.



Joint Hearing - MCC & PC
Z-7262-2016
 11

NATIONAL INSTITUTE OF
 STANDARDS & TECHNOLOGY

DATE	REVISIONS

PROFESSIONAL SEAL

700 QUINCE ORCHARD ROAD
ZONING MAP AMENDMENT
 CITY OF GAITHERSBURG
 MONTGOMERY COUNTY, MD

SKETCH PLAN

DRAWN BY: IPD
 DESIGNED BY: JCS
 DATE ISSUED: 3-7-16

SHEET NO. **SK-1**

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TECHNICAL MEMORANDUM

To: Thomas Brault
Quince Orchard Venture, LLC

From: Jim Watson, PTP
Erwin N. Andres, P.E.

Date: June 29, 2015

Subject: 700 Quince Orchard Road Vehicular Access and Circulation Review

INTRODUCTION

This memorandum presents a review of the conceptual access and circulation plans for the proposed 700 Quince Orchard Road development. The proposed development site is located on the west side for Quince Orchard Road (MD Route 124) and is bounded by Bank Street to the north, Firstfield Road to the west, and adjacent properties to the south. The proposed development is planned to be a mixed use development that will incorporate commercial uses in Blocks 1 and 3 adjacent to Quince Orchard Road (MD Route 124) and primarily residential-only use in Block 2, adjacent to Firstfield Road. Within the development, the reuse of the existing office building in Block 1 is planned to be converted into a parking garage to serve the development.

VEHICULAR ACCESS AND CIRCULATION REVIEW

Direct access into the site is primarily planned via new public roadway connections to Quince Orchard Road (MD Route 124), Bank Street, and Firstfield Road. These proposed connections will allow for the dispersal of traffic to the surrounding roadways to dissipate any increases in delays for existing motorists on the surrounding roadways. The proposed on-site roadways also will provide for porosity through the site, in accordance with the City of Gaithersburg Transportation Master Plan. Quince Orchard Road (MD Route 124) on the east side of the site provides regional access from North Potomac to the south through the nearby Kentlands neighborhoods connecting to Interstate 270 and Montgomery Village north of the site. Firstfield Road on the west side of the site provides local access via signalized intersections at Clopper Road (MD Route 117) and Quince Orchard Road (MD Route 124) to the north and to the south to Quince Orchard Road (MD Route 124) via Quince Orchard Boulevard. Additional access to Interstate 270 is available via Clopper Road/West Diamond Avenue (MD Route 117), east of Quince Orchard Road (MD Route 124). Bank Street provides an immediate connection between Quince Orchard Road (MD Route 124) and Firstfield Road on the north side of the site.

The primary new public roadway on-site will connect Quince Orchard Road (MD Route 124) and Bank Street. This roadway is planned to intersect Quince Orchard Road (MD Route 124) at the location of the existing driveway that serves the property, turning north to access Bank Street at a location opposite the existing driveway for the Quince Orchard Plaza shopping center. This roadway is planned to offer a 60 foot right-of-way, exceeding City standards, in order to accommodate wide planting areas for landscaping and enhancing the green space available within the development. This roadway will also offer an appropriate definition between commercial Blocks 1 and 3 adjacent to Quince Orchard Road (MD Route 124) on the east side of the property and the primarily residential Block 2 adjacent to Firstfield Road on the west side of the property. In agreement with the City Transportation Master Plan, the roadway will provide increased porosity through the site, allowing vehicular connections between Quince Orchard Road (MD Route 124) and Bank Street that do not exist today.

June 29, 2015

Additional access is proposed to the site via an additional east-west public roadway that would connect Firstfield Road and Quince Orchard Road (MD Route 124), separating Blocks 1 and 3, intersecting the roadway discussed previously, and continuing through the center of Block 2. As with the previously described roadway, this roadway would be planned to offer a 60 foot right-of-way in order to accommodate wide planting areas for landscaping and enhancing the green space available within the development. This roadway would also provide porosity through site as recommended in the City Transportation Master Plan, allowing vehicular connections between Quince Orchard Road (MD Route 124) and Firstfield Road.

Potential connections are also planned to Quince Orchard Road (MD Route 124), primarily to serve the existing office building in Block 1, which is planned to be converted into a parking garage. Due to the elevation of Quince Orchard Road (MD Route 124) and the grade changes on site, access to the first floor of the existing office building/future parking garage is best achieved via the east side of the building, adjacent to Quince Orchard Road (MD Route 124). Grade challenges on the western side of the existing building provide difficulty in accessing the existing future office building/future parking garage from the proposed internal roadway.

As noted above, the connections proposed for the 700 Quince Orchard Road site will provide porosity through the site in accordance with the City Transportation Master Plan and will disperse development traffic to the three surrounding roadways adjacent to the site so as not to condense traffic onto one nearby roadway. The surrounding roadways provide excellent local and regional access, offering potential residents, employees, customers, and visitors convenient connections to Interstate 270 and other nearby locations.



FOUNDATIONS OF OPPORTUNITY



1626 East Jefferson Street
Rockville, MD 20852-4041
PH 301.998.8100

August 17, 2015

City of Gaithersburg
Mayor and Council
Planning Commission
31 South Summit Avenue
Gaithersburg, MD 20877-2038

Re: 700 Quince Orchard Road
Sketch Plan and Zoning Amendment
Quince Orchard Venture, LLC

To whom it may concern:

I am writing on behalf of Federal Realty Investment Trust, owner of the Quince Orchard Shopping Center immediately north of the subject property. Federal Realty supports the adjacent property's Sketch Plan and MXD Zoning Amendment application. We acknowledge that the properties shown on the Sketch Plan are currently zoned C-2 and E-1.

The MXD zoning classification if applied here will allow this section of the City to experience flexible and market driven land development and redevelopment investment with the potential for a variety of housing types including MPDUs as well as integrated commercial uses. This flexible land growth management entitlement strategy is an advantageous platform that will create positive and cohesive community development results enhancing the City of Gaithersburg environs for generations to come.

Federal Realty believes that housing paired with well-planned commercial uses (office and retail use) combined with a strong emphasis on "place-making" in the public realm will both, provide, and position, the City community and property owners like ourselves with benefits to the local employment base, resident life-style, transportation matters, and daily amenity offerings to residents and visitors alike.

Sincerely,

A handwritten signature in black ink, appearing to read "John R. Tschiderer".

John R. Tschiderer
Senior Vice President – Development

cc J. Parker, FRIT
J. Mooallem, FRIT

Joint Hearing - MCC & PC
Z-7262-2016
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W.M. Rickman Construction Co., LLC
15215 Shady Grove Road, Suite 201
Rockville, MD 20850
301-840-2011, Fax 301-840-5992

March 3, 2016

City of Gaithersburg
Mayor and Council
Planning Commission
31 South Summit Ave.
Gaithersburg, MD 20877-2038

Re: ROCKSIDE -700 LLC
 Rezoning Application E-1 and C-2 to MXD
 Lots 8 -11, Block "C", Diamond Farm, Plat No's. 24141&

Subject: Additional Letter of Support

Dear City of Gaithersburg:

The above applicant reached out to us personally and presented us the revised application. As an immediately adjacent land owner, we wanted to reiterate our **strong support** for the application noted in our attached July 2015 letter. We hope the application gets approved as fast as possible given the unsightly condition of the Property. We understand that the applicant cannot make any improvements until the application is approved.

We agree with the points previously noted, but we would like to express each of the following additional points to you:

- We thank your staff and appreciate the information and positive support from them.
- We like the mixed use design as it will increase our property value and also other property values in the area
- We like the residential integration so that our employees and tenants can live in the area if desired
- The mix of new uses will blend well with the area and help retain jobs and create an excellent overall synergy and catalyst to the area

Again, we are very supportive of this plan and look forward to its timely approval.

Should any of the agencies have any questions or comments, please direct them to call me at 301-840-2011.

Sincerely,



Bill Rickman

Owner

15 First Field Road

Office Market Assessment

Montgomery County, Maryland

Prepared for the
Montgomery County Planning Department

June 18, 2015



IV. Best Practices

The trends are clearly moving away from single-use office parks to mixed-use districts that offer nearby restaurants, retail, entertainment, and housing in a walkable environment. Tenants place high value on the natural and man-made amenities and programming, which help to attract residents, workers, and visitors to local restaurants and hotels. Given that competition for human capital is often characterized as businesses' highest priority, environments that appeal to millennials and other knowledge workers are particularly attractive to office tenants.

Quality of the public spaces, amenities, and the buildings that line the streets are all important in place-making. Plazas, street furniture, lighting, and other public space fixtures communicate and reinforce the feeling of quality. Local restaurants and shops give the areas a greater sense of authenticity and uniqueness as does reuse of historic buildings. Great public spaces and pedestrian environments encourage interaction and provide the opportunity for community gatherings and serendipitous encounters.

Recognizing the importance of the pedestrian environment, the Commonwealth of Massachusetts' MassWorks grant program helps to fund traffic signal improvements, sidewalks, and other pedestrian amenities in helping to remake auto-oriented business parks. Fairfax County authorized tax-increment financing (TIF) to help fund the public spaces and infrastructure that allowed the Mosaic District to develop.

Also important is programming to draw people to the area, including concerts, farmers markets and festivals. As with the Bethesda and Silver Spring urban districts, business improvement districts fund downtown events and operations in several of the successful example business districts.

Transit access is increasingly important as new households value neighborhoods that allow them to function without a car. Most often in this region that has translated into walkable access to Metro. However, Shirlington has developed a transit hub with an enclosed bus terminal to provide high-frequency service. Park Potomac on I-270 at Wootton Parkway runs a shuttle bus to the Metro as does the Mosaic District project in Merrifield, Virginia.

Successful Office Markets

Mixed- Use with Great Public Space and Programming – Reston Town Center

In the Washington region, one of the most successful business districts is Reston Town Center with 2.1 million square feet of office space, 360,000 square feet of retail and restaurants, a cinema, 360 residential units, a hotel, and structured parking.

Fountain Square is the Town Center's focal point with the Mercury Fountain and the Pavilion, which serves as an outdoor ice skating rink in the winter and a concert and event venue at other times. Dozens of events, concerts, and seasonal ice skating help to enliven the district. Through programming, density and a careful mixing of uses, Reston Town Center has emerged as a preeminent office location with rents that exceed those in Tysons and Montgomery County.

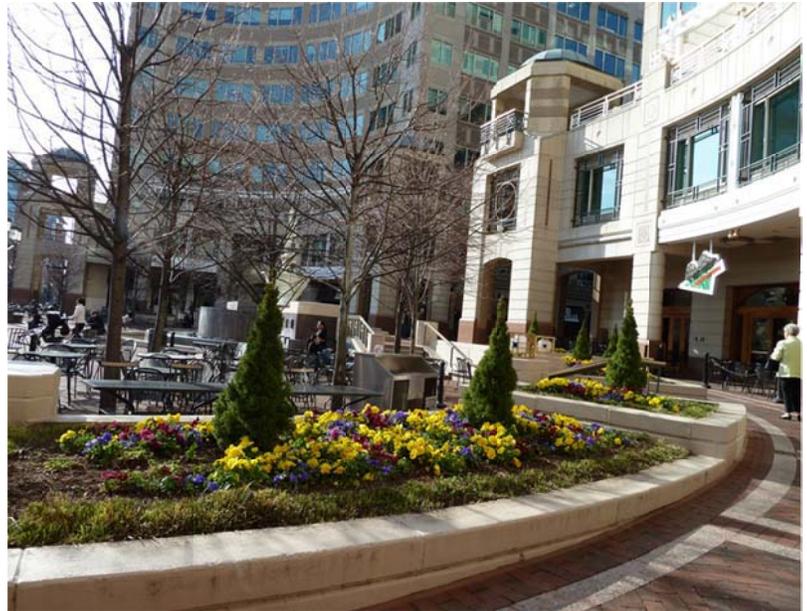


Photo credit: Adam Theo via Flickr

This submarket has average rents of \$47.06 per square foot and 3.7-percent vacancies. Its location with direct access to the Dulles Toll Road six miles east of Dulles International Airport is a major advantage.

First envisioned as part of the Reston plan in 1964, the Town Center was initially planned and funded by Mobil Land Corporation in the late 1970s, which was unable to develop it successfully. The first phase started in 1988 and included two Class A office buildings, a Hyatt Regency Hotel, shops, restaurants, and a movie theater. The second phase in 2000 added two additional office buildings. The Town Center was completed through the 2000s with the addition of three more office buildings, retail, and upscale apartments, condominiums, and townhouses.

While vacancies peaked at 21.4 percent in the first quarter of 2008 with the addition of 635,000 square feet of new office space, those vacancies were drawn down rapidly to 6.2 percent by the second quarter of 2011.

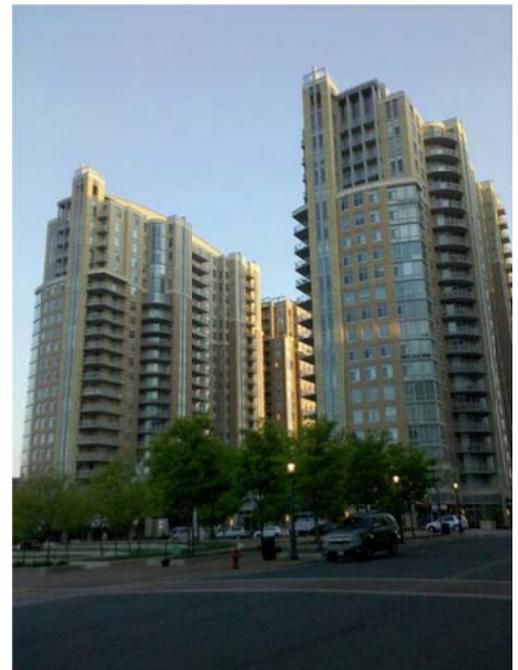


Photo credit: Adam Theo via Flickr

New Public Infrastructure - NoMa

Washington's NoMa (North of Massachusetts district between Union Station and New York Avenue) has developed over the last decade, converting a bypassed industrial area to now include 16 million square feet of office space, more than 3,900 housing units, three hotels, and 200,000 square feet of retail uses, including a Harris Teeter.

Historic warehouses were converted to office use. None of this development was possible before the property owners and the District came together to fund the cost of inserting the new New York Avenue/Gallaudet University station on Metro's Red Line that opened in 2004.

GSA opened a new building for Alcohol, Tobacco and Firearms in 2007 and then took large blocks of space in other newly constructed, LEED-certified buildings. National Public Radio moved its offices to NoMa in 2012, and other private sector tenants are filling the area.

Office rents now stand at roughly \$47.11 and office vacancies are 14.6 percent. Nine major new apartment complexes are achieving high rents, and more are under construction. The NoMa Business Improvement District (BID), which involves many of the area's developers and property owners, focuses on clean and safe programs, marketing, and programming to help build community. NoMa has not yet fully realized its potential. Restaurants are still limited in number, and the area suffers from a lack of quality open space. The District has committed \$50 million to constructing new parks to serve the area.



Photo credit: NoMa BID



Photo credit: NoMa BID



Photo credit: NoMa BID

Urban Mixed- Use in the Suburbs – Mosaic District

Replacing an aging movie megaplex surrounded by acres of parking in an industrial area with a mixed-use development, the Mosaic District has created a vibrant community gathering place. The 31-acre development includes up-scale retailing, an Angelika Film Center, a 150-room Hyatt House hotel, and 73,000 square feet of office space. EDENS and Avant developed the Merrifield Town Center on a grid design.

The Town Center offers a variety of restaurants and up-scale retailers, anchored by a MOM's Organic Market and an urban-style Target store four stories above ground-level retail tenants and a parking deck. Events are programmed for the public space including a weekly farmers market and storytellers. A one-acre park includes an outdoor movie screen for public events. Ultimately, the development will include 125,000 square feet of office space, 500,000 square feet of retail and other non-residential space, and 1,000 residential units – both rental apartments and for-sale townhouses.

There is a free shuttle to the Metro that runs every 15 minutes. Fairfax County supported the redevelopment by establishing its first tax-increment financing (TIF) package in 2009. TIF bonds funded \$42 million for a portion of the costs of two parks, realignment and widening of Eskridge Road, widening of Lee Highway, intersection improvements, and constructing the street grid. An additional \$30 million bond for public facilities was issued to be repaid through self-assessment of properties in the district



Photo credit: Laura Dominick



Photo credit: EDENS

Great Public Spaces and Mixed-Use – Capitol Riverfront

Capitol Riverfront is one of the District’s newest and most active office centers and neighborhoods, developing along the Anacostia Waterfront between the Navy Yard and the Nationals Park. Starting with Navy contractors who moved to the area for proximity to Navy offices relocated under BRAC in 2001, the office base expanded with a new headquarters for the U.S. Department of Transportation.

The area is now developing rapidly based on high-quality public spaces, activity programming, and extensive residential development. The ballpark’s 2008 opening brought new restaurants and retailers to the area, helping to create a true urban neighborhood. Signature award-winning public open spaces were created along the waterfront and north of M Street on the site of historic canals. Movies in the park, fountains, seasonal ice skating, concerts, and other programming help to activate the spaces. Historic buildings have been renovated to accommodate a brewery, restaurants, co-working spaces and other private-market uses. Extensive housing development is underway, redeveloping the former Arthur Capper/Carrollsborg housing owned by the DC Housing Authority.



Photo credit: Capitol Riverfront BID

Capitol Riverfront’s office space has 18.5-percent vacancies due to the recent opening of several buildings and average rents of \$41.67 per square foot.



Photo credit: Capitol Riverfront BID

Urban Mixed- Use and Cultural Anchors – Shirlington

A more established mixed-use development, Shirlington remade a 1940s community shopping center into an urban village with 350,000 square feet of retail space, a movie theater, 80,000 square feet of office space. Starting in 2005, Federal Realty Investment Trust more than tripled the density of development, creating a street grid and a traditional Main Street feel. Design guidelines and streetscape amenities helped to create a vibrant district. The streets are always active, attracting not only restaurant and retail patrons but dog owners as well.

New uses included 644 apartments and condominiums, 42,000 square feet of streetfront restaurants and retail space, including Harris Teeter, and a 195,000 square-foot office building. Signature Theater, a regional theater company, and other theaters – an art-house cinema, Theater on the Run and Classika Theater – draw patrons from around the county and the region, contributing to the area’s vitality.

Though it lacks a Metro station, Shirlington benefits from direct access to I-395 and from a major enclosed bus terminal offering frequent Metrobus and Arlington Transit (ART) bus service.

Arlington County contributed two and a half acres of land and funded construction of a complex that houses the Shirlington Library and Signature Theatre, which funded its interior improvements. It also funded extensive structured public parking. Each dollar of the county’s investment leveraged \$24 in private investment.



Photo credit: Dan Reed



Photo credit: Dan Reed

Mixed- Use and Civic Anchors – Rockville Town Center

Over the past 17 years, Rockville Town Center has emerged as a vibrant, mixed-use center, replacing the failed Rockville Mall and reknitting a downtown torn apart by urban renewal. Rockville Mall opened in 1972 as an inwardly focused shopping center that turned its back on downtown Rockville. The Mall quickly lost its sole anchor store and struggled to fill its storefronts, ultimately closing in 1981. The west end of the Mall was demolished in 1995, clearing the way for a new solution.

The \$370 million public/private development attracted major funding from the City of Rockville, Montgomery County and the State of Maryland. The City funded business relocation and infrastructure improvements. The county invested \$25.3 million in the 102,000 square-foot Rockville branch of the Montgomery County Public Library system. Designed to engage the sidewalks, the regional library has a vast collection and a busy calendar of events that help to activate the public spaces.



Photo credit: Bossi via Flickr

The Rockville Arts and Innovation Center includes a 28,000 square-foot space run by the non-profit Metropolitan Center for the Visual Arts that includes galleries, studios and classroom/workshop spaces. The fourth and fifth floors house the Innovation Center, which offers incubator space for small start-up companies, focusing primarily on technology start-ups. Montgomery County government and courts adjoin the 60-acre Town Center.

The Town Center's first phase in 1998 included the Regal movie theaters and a restaurant row that faced an empty parking lot for more than a decade. The subsequent development of Town Square Plaza has filled that gap with an active public space that hosts a farmers market and several outdoor festivals. The retail space has expanded to roughly 180,000 square feet, including Dawson's Market, a local natural foods grocery store.

More than 640 housing units also have been developed. Choice Hotels International recently relocated its headquarters with 400 employees to Rockville from a site along U.S. 29 in Silver Spring and will soon open a Cambria Suites Hotel in the Town Center.



Photo credit: Dan Reed



Figure 20.

Characteristics of Successful Office Districts							
	Reston Town Center	NoMa	Mosaic District	Capitol Riverfront	Shirlington	Rockville Town Center	White Flint
Walkable District	X	X	X	X	X	X	X
Mixed Uses	X	X	X	X	X	X	X
Entertainment	X		X	X	X	X	X
Metro Station		X		X		X	X
Shuttle Bus to Metro			X		X		
Highway Access	X		X		X		
Public Space	X		X	X	X	X	X
Programming	X		X	X	X	X	

Reusing Suburban Office Campuses

The heyday of the single-company stand-alone office campus is well past. In the Chicago area, major corporations are leaving suburban campuses for more compact locations in the city. Companies making the move include Motorola Mobility, BP Amoco, United Airlines, and parts of the old Sara Lee. Other vacant office campuses include those formerly occupied by Kraft and Allstate. Daniel Miranda, president of HAS Commercial Real Estate noted that “about the only type of company that remains committed to the suburban campus environment are pharmaceutical firms such as Abbott Laboratories or Astellas, which opened a new US headquarters in Glenview, Illinois. It’s a business with a lot of intellectual property involved and they don’t want to share it.”⁸

New Jersey developed thousands of acres of office parks and millions of square feet of space over the last 20 to 30 years. Roughly one-quarter of that space sits vacant. Many of the factors contributing to office vacancies in Montgomery County are at work throughout New Jersey. Pharmaceutical company mergers and reorganizations led them to vacate major office campuses. Brokers marketing in the area report that those isolated suburban campuses do not appeal to millennial workers.

⁸ Roeder, David. *Nobody Home at Suburban Office Parks*, September 9, 2012 as reported on www.suntimes.com/business/roeder/14319633-452/nobody-home-at-suburban-office-parks.html#.U-FRksrf1o



Subdivision of Space and Rezoning – Bridgewater, New Jersey

The former Sanofi US Research and Development Campus in Bridgewater, New Jersey was acquired and rebranded as the New Jersey Center of Excellence. The site had 110 acres and 1.2 million square feet of laboratory and office space and GMP production space. The existing buildings have attracted Ashland Specialty Ingredients and Amneal Pharmaceuticals to take advantage of its state-of-the-art equipment. The new owner and the community pursued a zoning change to allow retail, hotel and multi-family development.

Conversion to Medical and Mixed- Use – Holmdel, New Jersey

Bell Laboratories developed a 1.9 million square-foot office complex in Central New Jersey in 1962, later taken over by Alcatel-Lucent. The building and its 473-acre site closed in 2007 and have been acquired by Somerset Development for redevelopment as a health care center, residences, a hotel, and retail space. The six-story building will be converted to include 50,000 square feet of retail, the town library, and a hotel. Community Healthcare Associates is buying up to 400,000 square feet of the building to develop an ambulatory surgical center, an assisted-living facility, physician offices, and other medical services. Half of the acreage in this wealthy rural community will be developed for 225 single-family houses and townhouses.

Conversion to Medical Use – Middleton, New Jersey

Sloan Kettering is reusing another former Lucent Technologies building in Middletown, New Jersey for a cancer center with ambulatory surgeries, oncology units, and chemotherapy and radiation treatments. Vacant for almost a decade, the complex has a 288,000 square-foot building on 400 acres off the Garden State Parkway.

Addition of Retail, Hotels and Apartments – Marlborough, Massachusetts

In Marlborough, Massachusetts, a former Hewlett-Packard campus from the 1960s is being redeveloped as the mixed-use Forest Park development. The Town approved new mixed-use zoning in 2012, replacing its traditional office/industrial zoning. AvalonBay is developing 350 apartments. Atlantic Management has added a Hilton Garden Inn and 30,000 square feet of retail and restaurant space on the 100-acre site. Quest Diagnostics is locating more than 1,000 lab workers to the refurbished tech assembly buildings. Other new tenants include Boston Scientific and TJX companies.

The Commonwealth of Massachusetts awarded a \$1.6 million grant through MassWorks for roadway, bicycle and pedestrian improvements on Simarano Drive in Marlborough. The second phase will include 50,000 square feet of retail, 250,000 square feet of office, and a 900-space parking structure. Employment is already up by 7,000 jobs.

Repositioning Office Parks

Property owners and developers are beginning to rethink and redesign conventional office parks to accommodate a mix of uses.

David Begelfer, CEO of the National Association of Industrial and Office Parks – Massachusetts (NAIOP-MA) reports that dozens of office parks are under renovation, investing billions of dollars to respond to tenant demands for more on-site amenities.⁹ Office parks along I-495 outside Boston have Class A vacancy rates of almost 18 percent, while Boston has 11.5-percent vacancies and Cambridge’s vacancy rate is below 6 percent. This despite the fact that rents are half what they are in Boston and Cambridge.

Retail and Hotel Addition with Walkable Infrastructure, Burlington, Massachusetts

In Burlington, Massachusetts, Northwest Park is being redeveloped by Nordblom Company with creation of the Third Avenue entertainment component. Designed as a boulevard, Third Avenue will include 300,000 square feet of retail and restaurant space. The first phase includes Wegmans Food Market and Kings Bowling Alley. A \$2.0 million MassWorks grant funded new traffic signal and pedestrian crossings and intersection improvements. A second \$1.5 million MassWorks grant is being used to redevelop office space in the park. Nordblom committed to demolish an obsolete office building and construct three new Class A build-to-suit office buildings. The MassWorks Infrastructure Program consolidated six capital budget programs to give communities a single set of requirements.

Also in Burlington off Route 128, the New England Executive Park has fared better than other office parks with a 10-percent vacancy rate and such tenants as BAE Systems. But its owner feels the need to upgrade the park’s environment and provide a mix of new uses. Andrew Gallinaro, a director with National Development, says that “to be competitive, office parks, increasingly need to be able to offer amenities such as restaurants and stores that appeal to workers, particularly younger ones.”¹⁰

National Development is demolishing an office building for 300,000 square feet of new development, including a hotel, three restaurants, and new retail and office space, responding to tenant requests for nearby amenities. The city provided a 15-year tax-

⁹ Fitzgerald, Jay. Developer Take Steps to Reinvent Suburban Office Parks, July 26, 2014 as reported at www.bostonglobe.com/business/2014/07/26/suburban-office-parks-turning-live-work-play-velopment-competewith-cities/kYJHwumXiLKU2bFvCvhBeM/story.html

¹⁰ Laidler, John. Burlington Office Park Seeks Upgrade and Expansion. May 7, 2014 as reported at www.bostonglobe.com/metro/regionals/north/2014/05/07/burlington-office-park-seeks-upgrade-and-expansion/A38sBk0ujBwQKyMXM4pX6/story.html



increment financing incentive for leasing and renovating space to cover the \$64 million renovation.

The property's zoning was changed in 2009 to allow restaurants, retail, hotels, and structured parking. The addition was designed as a pedestrian street with sidewalks, walking paths, open space, and landscaping. Traffic improvements valued at \$1 million include traffic light signals to allow pedestrian crossings.

Addition of Retail, Hotel and Housing, Structured Parking – Henrico County, Virginia

In the northwest suburbs of Richmond, Virginia, Innsbrook is the region's premiere mixed-use office park with 5.4 million square feet of office space on 630 acres developed over 30 years. Highwoods Properties, a Real Estate Investment Trust (REIT), the owners are now moving to create a 24/7 center for the development.

The Land Use Plan has been changed and 188 acres have been rezoned from traditional O-2, O-3 and M-1 zoning for office and light industrial uses to Urban Mixed-Use District zoning that allows development of mixed-use, pedestrian-oriented activity centers with business, retail, residential, cultural, educational, and other public and private uses. The plan is to add 3.5 million square feet of office space, 400,000 square feet of retail space, 800 to 1,000 hotel rooms, and 5,000 to 6,000 residential units, taking advantage of the development's natural and other amenities. Parking lots will be converted to accommodate new structures and structured parking, developed around a shared parking strategy and an intra-park shuttle system. Highwoods owns 28 office sites and one-third of the site's acreage. Because the buildings and acreage were still in single ownership, coordinated effort for the entire city center area was possible.

V. Conclusions and Recommendations

Major shifts in the regional and county office markets are resulting from the confluence of improved technologies that provide great flexibility as to where work occurs; economic and budgetary pressures that have caused the Federal government and other large organizations to focus on design solutions to reduce their real estate cost burdens; the high priority being given to worker recruitment and retention; shifting work styles that emphasize collaboration; and new office designs that decrease the square feet of space per employee by as much as 15 to 20 percent.

These are major long-term shifts likely to persist for several more years. Among the resulting trends and multiple implications for land use patterns and plans are the following:

- Worker preferences and tastes are guiding office site selection to a greater extent than in the past as the importance of talent in a knowledge-based economy outweighs other factors for companies not dependent on the local population.
- Knowledge workers' preferences are focusing on walkable mixed-use environments that provide nearby opportunities for restaurants, entertainment, retail and housing.
- Mixed-use districts with Metro access which use public space, infrastructure, public art and other amenities to create attractive gathering places and encourage walking are the most competitive office locations, particularly when accompanied by regular events and other programming.
- Transit connectivity will grow increasingly important in the development and marketing of office space as traffic congestion increases and more workers reject work places that require them to commute by and own cars.
- Single-use districts are being bypassed – plentiful free parking is no longer sufficient to attract tenants.
- Innovative designs are improving the efficiency of space in new buildings, providing a valuable marketing advantage that undercuts the demand for space in older office buildings.
- GSA and other major consolidations have left behind empty generic office buildings in single-use districts around the county.



- Major single-company office campuses (i.e., the Comsat and Vitro buildings) are no longer competitive, though the state-of-the-art technology in the former Human Genome Sciences campus buildings may facilitate its re-leasing.
- Conversions of older office buildings to residential, hotel, medical offices and other uses will be most feasible for narrow-footprint buildings in mixed-use environments where rents are high enough to offset the costs of building renovations.
- Some buildings should be demolished given limited office demand and physical constraints on conversion; however, their owners are more likely to reduce rents to extract more value.
- Lower rents in office buildings that have lost their anchor tenants will pressure other similar buildings to reduce their rents in order to compete for tenants.
- These lower rents will translate into lower property values and ultimately into lower assessments and property tax revenue for the county and municipalities.
- Not every location can compete for new office development, particularly in these market times. Given the extensive competition from established mixed-use business districts and office parks that lend themselves to redevelopment as mixed-use centers, it will be difficult to create a new office cluster in locations such as Glenmont even with Metro access.
- Local population-serving office tenants will continue to seek space easily accessed by their clients/customers. Growing residential areas will need to accommodate some office buildings with smaller spaces suitable to this market segment.
- The better-capitalized local businesses that can afford higher rents will likely gravitate to mixed-use districts over time to stay in the heart of the local business activity.
- Near- and mid-term demand will be much more weighted toward housing than office development.

Many factors influence office demand and development decisions, and the next decade undoubtedly will bring shifts as unexpected as some of those experienced over the last five years. It will be important to incorporate flexibility into future plans and designs to accommodate changes in technology, preferences and economic conditions.



Recommendations

As discussed in Section I, reductions in space occupied by GSA and other major tenants are likely to keep the market in flux and vacancy rates high to 2020 or beyond. Business as usual will not eliminate the overhang of vacant space. Waiting for the economic recovery to grow out of these high vacancies is unlikely to be successful. Concerted actions will be needed to counter these trends and mitigate their impacts.

The answers lie in:

- enhancing office environments to improve their competitiveness;
- reducing the supply of non-competitive office space; and
- increasing demand by competing more effectively.

This analysis focuses primarily on responses to supply issues most susceptible to planning-related strategies.

Enhance Office Environments to Improve Competitiveness

The most successful office clusters are characterized by mixed-use development with a strong sense of place and quality environment. Planning Board actions and policies can help existing office clusters compete more effectively by enhancing the physical environment, planning for essential infrastructure, and supporting a mix of uses.

Continue to Invest in Transit

- Investments in light rail and bus rapid transit systems that reduce office parks' total dependence on personal autos could improve these facilities' ability to meet the changing demand for transit-accessible workplaces. In particular, the Corridor Cities Transitway would provide quality transit service to multiple buildings in the Great Seneca Science Corridor and Germantown.

Partner with Developers to Diversify Existing Office Parks

- Where possible, upgrade existing office parks to provide a better walkable environment with a balance of office, retail, and residential uses. While that does not eliminate the dominance of auto traffic, experience has shown that an on-site mix of uses can reduce the number of trips generated and allow some workers to delay their evening commute until after rush hour. Higher densities also facilitate providing transit service, including shuttle bus service to a proximate Metro station.



- Plans and policies that encourage diversification and densification of uses in single-use office districts could help them achieve greater longevity. The White Flint Partnership has demonstrated the potential for successful public/private partnership efforts to redefine and change an entire district that had been stuck in an antiquated land use pattern.
- The county might consider using tax-increment financing to help fund parking garages that could eliminate parking lots so as to free up land for infill development and use diversification.
- Conversion to walkable mixed-use environments will not be possible in every office park. The retail and restaurant tenants that activate the area can only succeed in certain kinds of locations where the density of nearby office and residential uses can provide sufficient market and where development sites have good accessibility and visibility. The extent of competitive retail also will constrain the number of viable new retail clusters.

Create and Upgrade Public Places and the Walkable Environment

- Invest in infrastructure to facilitate and encourage walking and improve connectivity to and within office districts and their surrounding neighborhoods. As described in Section IV, MassWorks has invested in stoplights, intersection improvements, sidewalks and streetscape to help existing office parks to diversify with the addition of retail, restaurants, entertainment and/or hotel facilities. Additional public space enhancements in existing downtowns and mixed-use districts could help them improve their appeal to potential tenants.

Continue to Support Urban District Programming Efforts

- Placemaking is more than physical space design and amenities. Events and programs that help activate the area can be critical to building community and shaping the nature of public places. The county's urban districts have a long history of regularly scheduled concerts, festivals, farmers markets, parades and other events that build a sense of community and attract shoppers and restaurant patrons. That activity provides valuable patronage and support to urban district businesses, helping create and maintain a healthy mix of the uses that make the areas interesting places to work.

Remove Any Zoning Impediments to Redevelopment and Diversification

- The new zoning code should be reviewed to ensure that it does not inadvertently create barriers to reuse or adjustments. Zoning treatment of existing office parks may need to be revisited.



Provide Incentives for Renovations

- Incentives to help landlords fund improvements to bring their buildings up to 21st century standards could be effective for buildings whose locations near transit and/or in mixed-use environments will allow them to compete. Gaithersburg's economic development toolkit includes financial assistance to landlords to fit out space has been vacant for two years or more in order to create stable, well-paying jobs. Many communities abate new property taxes triggered by renovations of historic buildings.

Reduce the Supply of Non-Competitive Space

The county has little influence over the decisions of individual property owners regarding the fate of existing office buildings that may no longer be competitive. Code enforcement can help encourage owners to maintain their buildings as they struggle to compete for new tenants, but the county can't force an owner to upgrade or demolish a building.

Encourage Conversion to Other Uses

- Financial incentives could help to improve the feasibility of conversion.
- A limited number of office buildings will be suitable for conversion to housing, hotel or other uses by virtue of their location and configuration. The high costs of renovation mean this is most likely to be feasible within one-half mile of a Metro station. Buildings with narrow footprints that can offer adequate light and air to residential units or hotel rooms are the best candidates for conversions.
- Work with Montgomery County Public Schools to determine whether one or two obsolescent office buildings are appropriately located relative to enrollment needs and capable of cost-effective conversion for high-quality school facilities.

Facilitate Site Assembly

- Policies that facilitate site assembly could help owners of older small office buildings to achieve the scale of new development that would justify demolition of some of the least competitive buildings. Such policies include density levels available only to properties of a minimum size and limits on curb cuts.

Review Building Safety Codes

- One broker noted an issue related to the application of building occupancy standards developed since 9/11. The total number of persons that can work in a building is now limited by the evacuation potential, focused primarily on the width of the fire staircases. This standard works against existing pre-2001 office buildings by



limiting their occupancy and preventing tenants from achieving higher employee densities. It would be worth considering waivers to that standard in buildings with adequate sprinklers. Further study might reveal other provisions that inhibit reuse.

Discourage New Development That Can't Compete Effectively

- Work with the developers with approved plans for single-use office developments that have not yet been built. Encourage re-design for a more sustainable mix of uses.
- Over the long term, the county would be well served by planning and zoning strategies that limit development of new office buildings in commercial strips along major thoroughfares.
- The office typology analysis summarized in Table 6 demonstrated that freestanding buildings on arterials neither near Metro nor interstate interchanges had almost the highest level of current vacancies among the different office types – 17.9 percent.

Increase Demand

Competition for businesses, both large and small, will only intensify regionally as other jurisdictions respond to the need to backfill empty buildings and grow their local economies. Montgomery County will need to step up its game if it is to remain highly competitive. Discussions with area developers and brokers consistently point to the market perception that Montgomery County is not business-friendly as a key consideration as businesses decide where to locate. Some of that perception may reflect the limited press coverage given to the county's economic development activities. Actions and subsequent reporting must demonstrate that the county is supportive of business growth and committed to helping its businesses to compete and succeed.

Montgomery County has several assets that have helped it achieve a robust economy and office sector. The quality of life in the county, particularly the quality of the public schools, has attracted a well-educated and competitive work force. The presence of several key agencies, particularly those focused in the medical field, has allowed the county to develop particular strength in life sciences. However, while the county has fared relatively well at retaining local companies as they expand, it has not attracted many companies from outside of the county. That fact underscores the need to be pro-active and aggressive in retaining existing companies, working with them as they consider their futures before their leases expire.

From a real estate perspective, the county is well positioned to benefit from the market's move toward walkable mixed-use environments given its 11 Metro stations, historic downtowns and newly developed mixed-use projects. Bethesda, Rockville, and Silver Spring have each developed a dynamic mix of diverse uses that compete well within the regional



market. White Flint and Twinbrook are poised to achieve similar walkability and mixed uses, and the county is relocating its facilities to allow mixed-use redevelopment at the Shady Grove Metro station.

Recognizing the county's lagging "cool" factor, the Nighttime Economy Task Force has recommended strategies to encourage and better support nightlife so as to attract and retain young people.

Expand Economic Development Efforts

- Aggressive economic development efforts could help the county compete better for both local business growth and relocation. The Office of Economic Development is currently preparing a comprehensive economic development strategy that will examine opportunities to generate additional demand through economic growth and detail approaches to improve the county's ability to attract, retain and grow businesses.
- Better marketing can increase awareness of the county's assets and help counter the perception of Montgomery County as being less supportive of business. Often a community's most important marketing is to its resident companies, helping to shape their perceptions and influence their future location decisions.

Fund Economic Incentives

- Economic incentives are an unfortunate fact of life in the regional and national competition for business relocations. While their efficacy is questionable as the primary tool for company retention, companies will seek incentives, and the county's competitors will offer them. Montgomery County needs to be able to respond in kind.
- Incentives are becoming a standard in GSA lease competitions as well as the Federal government seeks to save on lease costs. The county has stepped up in the past and can expect to need to do so again in the future unless the region's jurisdictions can agree to stop the arms race and refrain from such incentives.

Help Landlords Respond to Small Tenant Demand

- Office building economics favor large tenants because leasing efforts have a much bigger payoff for the same amount of work as for a small tenant. Until driven by the market to serve small tenants, most office buildings accommodate small tenants only in spaces left over after large tenants take most of a floor.
- Financial assistance to landlords to offset the cost of tenant improvements for smaller tenants is now being offered under the new Make Office Vacancies Extinct (MOVE) program. The incentives are helpful but given the cap of \$40,000 for 10,000



square feet of space, they are not likely to be the deciding factor that attracts a company to the county.

Support Local Business Growth

- Focused attention on the issues that limit the growth and expansion potentials of local businesses should work to reduce barriers to success and improve the county's image and reputation as a business-friendly locale.
- The incubator system, technical assistance programs and other efforts to support local entrepreneurs should continue to receive county support.
- One specific issue identified by developers is the time and effort required to secure building permits for tenant improvements.

Continue to Develop the Workforce

- One of the county's key strengths is its talented and diverse workforce. Public education must continue to be one of the county's highest priorities. Workforce development programs to help retrain adults seeking to advance in their careers or change fields should be expanded in close cooperation with local employers.

Protect and Enhance the Local Quality of Life

- The county's strong quality of life has allowed it to flourish for multiple decades, providing a pleasant and supportive residential environment.

Setting Priorities

In these times where there is not enough office demand to fill the excessive vacancies, choices must be made as to the relative priorities of different actions and initiatives. Focus on supporting existing mixed-use districts rather than creating new districts where no office base now exists.

Not every Metro or light rail station can attract significant office development beyond what is needed to support the local population. Those that do not offer a compelling sense of place and efficient auto access as well as transit access will be limited in their ability to compete.

As noted earlier, the choice of where to help developers transform conventional office parks into mixed-use developments must be strategic. Very few will have the location, business base, physical configuration and ownership patterns that will allow successful re-positioning as mixed-use centers.

Public investment should be targeted to those with:

- the potential for creating a more dense, walkable environment;
- a location with good accessibility and visibility;
- available sites and/or vacant buildings capable of accommodating infill development and supporting placemaking;
- a density of nearby residents and businesses not currently well served by existing retail and restaurant clusters; and
- owners willing to make substantial investments to create a competitive development.