



MONTGOMERY COUNTY PLANNING DEPARTMENT
THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

MCPB
Item #2
June 9, 2011

MEMORANDUM

DATE: June 1, 2011

TO: Montgomery County Planning Board

VIA: Rollin Stanley, Director *RS*

CC: Nancy Sturgeon, Lead Planner, East County Science Center Master Plan Area 2 Team

FROM: Jacob Sesker, Planner Coordinator *JS*
Director's Office

SUBJECT: Briefing East County Science Center—Commercial market study

PURPOSE

The purpose of this work session is to present the findings of a market study performed by the consulting firm Partners for Economic Solutions (PES). The Planning Department contracted with PES to estimate the commercial market potential within the boundaries set by the Planning Board for the East County Science Center (ECSC) Master Plan.

In essence, the PES market study is a study of current/pending development pressure within the Master Plan boundaries. PES quantified the current unmet demand and any spin-off demand likely to be generated by expansion/consolidation of the Food and Drug Administration (FDA) at the Federal Research Center at White Oak (formerly the Naval Surface Warfare Center) and the pending relocation of Washington Adventist Hospital (WAH). In addition, the market study examined factors that would affect the spin-off demand (quantity and rate) within the ECSC boundaries.

SUMMARY OF CONSULTANT'S FINDINGS

- Mid-term office demand is unlikely to vary significantly from recent years, in which absorption averaged 14,000 square feet per year. Expansion of the FDA and possible

relocation of WAH is likely to increase annual office absorption to 20,000 to 30,000 square feet per year.

- Most of the area's future industrial demand can be met by existing industrial/flex inventory.
- There is market demand sufficient to support an additional 445,000 square feet of retail. The additional employees at FDA and at WAH would increase annual retail sales, increasing supportable retail by about 33,000 square feet (to a total of 478,000 additional square feet).
- Hotel demand can be accommodated by the current hotel room inventory, though the current hotel inventory will likely recycle in the next 20 years.

While this study indicates that demand generated by existing uses, FDA expansion, and WAH relocation is likely to be modest across commercial land uses, additional residents could generate additional demand and could improve the ECSC's competitive position vis-à-vis other research parks. However, re-zoning the area to allow residential development and providing improved bus service will not be enough to spur transformation of the ECSC. Rather, a major transformation will likely require all of the following:

- Attraction of a major research institution or university
- Transit service with short headways and fixed stations
- Mixed use development that is pedestrian friendly

PLANNING CONTEXT OF STUDY FINDINGS

The ECSC contains a large federal research campus currently anchored by the Food and Drug Administration (FDA). FDA expansion/consolidation may ultimately result in thousands of additional workers at this location. Washington Adventist Hospital (WAH) has plans to relocate its hospital (currently in Takoma Park) to a site near the FDA; if the hospital receives a Certificate of Need from the state, the hospital relocation could eventually bring an additional 3,000 workers to the area. Future commercial development in the ECSC will be affected by the employment growth at FDA and WAH.

The ECSC is rich in land but constrained by current land use and transportation patterns, both of which will be difficult to change even if there is significant public and private investment in the ECSC. The land area is vast and includes many large parcels. Arterial and highway rights-of-way are very wide and cul-de-sac street patterns are not conducive to connectivity, nor can the patterns accommodate transit or pedestrian activity. As such, the area is well-suited for the large footprint developments that currently exist in the area (public agencies, corporate or non-profit headquarters, schools, churches, big-box retail, health care, office parks, etc.) but presents a challenging environment for mixed-use and transit-oriented development in the future.

The study findings indicate that near-term and mid-term commercial development potential will be limited. Transformation of the area into a mixed-use and transit-oriented development will require more than the expansion/consolidation of FDA, relocation of WAH, mixed-use zoning at higher densities, and transit service with short headways and fixed station locations; rather, substantial development/redevelopment in the ECSC area will probably only occur if all of those factors are present and a major research institution or university establishes a significant presence in the ECSC.

Long-term development potential is always difficult to quantify, and is even more difficult to quantify when the basic industry driving that development is evolving. That said, this study would indicate that private investment will follow public investment rather than leading it, and the pace of that private investment is unlikely to increase substantially in the near to mid-term.

Given the economic challenges outlined above, the key planning challenges include the following:

- Determining how to allocate limited transportation capacity in the corridor between, on the one hand, the large footprint development and institutional users already present or approved, and on the other hand, mixed-use development (including residential) oriented to an as yet non-existent, fixed station location transit system.
- Addressing the extent to which the ECSC master plan should be driven by a desire to expand the employment base in the ECSC.
- Addressing the level of additional congestion that the County is willing to accept in order to allow additional residential development (rather than commercial development) in this corridor.

Attachment A: East County Science Center Commercial Market Analysis

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