



Forecasting the future



Let us point you in the right direction -
There are signs everywhere if you know where to look.

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2020 VISION

▶ **FIGURE 1: DOWNTOWN PHOENIX - 2007**



We estimate that an additional two million square feet will need to be constructed in the next three to five years to conservatively handle the demand from educational, medical, research and biotech companies, learning institutions and residential.

▶ **FIGURE 2: DOWNTOWN BALTIMORE - 2007**



MEDICAL OFFICE CHESS GAME

- ▶ What is a Tier 1 medical school?
- ▶ What is the impact of having such a school in downtown Phoenix?
- ▶ How will TGen impact and work with the medical school?
- ▶ Does a Tier 1 medical school require a teaching hospital be adjacent to the school?
- ▶ What is the impact of having a second medical school downtown (Creighton University)?

TIER 1 MEDICAL SCHOOLS DEFINED

- ▶ The top teaching schools and hospitals in the country.
- ▶ Reputations for extensive research and being on the cutting edge of developing new cures for diseases.
- ▶ Competition to have high-level research physicians on staff.
- ▶ Major corporations, such as Bristol-Myers Squibb, rely on having research facilities close to these schools.

COMPARING DOWNTOWN PHOENIX TO DOWNTOWN BALTIMORE

If the University of Arizona is going to become a Tier 1 medical school, they will achieve it in the next 15 years. To give us an idea of what kind of an impact this would have on real estate in downtown Phoenix, we chose to study a city with a strikingly similar downtown layout, track record of success over 100 years, and economic development that thrives from their heart: Johns Hopkins University and the University of Maryland in downtown Baltimore.

Both cities compare favorably with each other. Phoenix and Baltimore are the centers for government. Each has two major universities active in the immediate area. **Baltimore:** Johns Hopkins and University of Maryland. **Phoenix:** University of Arizona Medical School and Arizona State University's downtown campus. Both are active in tourism, house two major sports venues, have designated areas for entertainment, have a bioscience influence, have major government participation in redevelopment of blighted or underdeveloped areas, and have developable land close to the schools for new development.

The beginning stages of our research began by simply overlaying an aerial footprint of Johns Hopkins University Medical Campus onto an aerial of downtown Phoenix and this aerial told us a story (Figures 3 & 4, on back page). We took the 100+ years of success and continued development that Johns Hopkins University has implemented and bonded it with a fresh, energetic and city-backed downtown Phoenix. We have demonstrated the potential future impact of the medical school on real estate in downtown Phoenix. The 20+ square block corridor demonstrates the building square footage that could potentially be developed over the next 15 years. We estimate that an additional two million square feet will need to be constructed in the next three to five years to conservatively handle the demand from educational, medical, research and biotech companies, learning institutions and residential.

PROXIMITY OF BUILDINGS AND TRAVEL FOR PHYSICIANS

The second conclusion we were able to make is that doctors want to work, practice, teach and play in one closely approximated area. The word "travel" does not exist in their vocabulary. Doctors find it convenient to locate their offices close to the hospitals with which they work. Close proximity to each building is a necessity and must be considered

in developing a sustainable downtown medical district. We expect this trend to continue should one or more teaching hospitals locate to downtown Phoenix. As we look at the possibility of two teaching hospitals in the downtown area, we anticipate an additional 1.5 million square feet will be developed for medical office use in downtown Phoenix.

EAST BALTIMORE DEVELOPMENT INC. (80 ACRE, \$80 MILLION REDEVELOPMENT EFFORT)

The city of Baltimore and certain private foundations have created an organization known as East Baltimore Development Inc., in an effort to bring together leadership from the community, business, government, and foundations to rebuild East Baltimore. East Baltimore Development Inc. (EBDI) is charged with leading and managing the revitalization of an 80-acre portion of East Baltimore (Figure 2). This 80-acre planning area is projected to take 8-10 years to redevelop and will eventually include two million square feet of biotech/research space, 4,000-6,000 new jobs, over 1,200 mixed use housing (new and rehabilitated, home ownership and rental), new retail facilities, support services for job training, family counseling, education and community building activities. Forest City is the primary developer for the 80 acres.

PHOENIX BIOSCIENCE CAMPUS AND NEW MEDICAL DISTRICT

Phoenix started its biotech development and birth into the emerging market with the TGen campus, a six-story, \$46 million structure, owned by the city of Phoenix, that forms the cornerstone of the Phoenix Biomedical Center. Stemming from the success of TGen, along with future demand needs from the universities, Arizona Biomedical Collaborative (ABC) was born. ABC is endorsed by the Arizona Board of Regents and is a collaboration of the three state universities: University of Arizona, Arizona State University and Northern Arizona University. Its primary goal will be to provide a vehicle and venue for collaborative biomedical research, with an emphasis on translational research.



The anticipated development of a successful research/medical downtown has taken off and from the activity and generation of ideas; a medical/biotech district has been formed (Figure 1). Phoenix has created a biotech-designated area for revitalization in a one-mile long corridor that would allow hospitals, specialty clinics, and research institutions to expand or locate within the city's core. The district stretches from Fillmore to Van Buren and Seventh Street to Seventh Avenue. This area will include up to two million square feet of biotech space, as well as up to 3,000 housing units for sale or lease. Phoenix is currently underdeveloped in the number of housing units in this area. The housing units will cover the spectrum of prices, but the majority will be in the lower to middle range value.

This is an exciting time to be involved in the revitalization and birth of our new downtown. The schools will continue to grow, creating new jobs, increasing employment opportunities and adding overall economic wealth to downtown Phoenix.

▶ (continued on back page)



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FIVE AREAS OF RESEARCH FOR TGEN AND UNIVERSITY OF ARIZONA

1. Cancer
2. Heart Disease
3. Diabetes
4. Alzheimer's
5. Parkinson's Disease

▶ FIGURE 3: JOHNS HOPKINS MEDICAL CAMPUS IN BALTIMORE – 2007



▶ FIGURE 4: PROJECTED U OF A MEDICAL CAMPUS IN DOWNTOWN PHOENIX - 2020



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