

RERFP-0000041
NJBC Market Study and Analysis

EXHIBIT C
SCOPE OF WORK

PROJECT SUMMARY:

Prepare a study for the New Jersey Bioscience Center (NJBC) to determine market conditions; demand and absorption for the following types of uses: wet laboratory (lab), mixed lab/office space, “incubator space”, “graduate or step out lab/office space, and bioscience manufacturing space; proposed rents for the listed uses; estimated development and operating costs for creation of additional space for the listed uses; financial and repositioning recommendations; and a before (as is) and after (implementing the repositioning recommendations) estimate of value, and asset risk.

DATE RESULTS NEEDED:

Estimated at 120 - 180 days after the Notice to Proceed.

PROJECT DESCRIPTION (SCOPE OF WORK):

- A. Kick-off meeting and visioning process session with NJEDA.
- B. Organize and conduct market soundings and outreach to stakeholders including NJBC “Users” (e.g., like Bioscience Incubator Advisory Board, BioNJ, Bioscience Incubator and Step-Out Labs’ current and graduate tenants, etc.), “Developers” (commercial real estate firms in the bio-science industry that might purchase and reposition building(s), develop on vacant land), representatives in the lab/research real estate leasing/ brokerage community.
- C. The Consultant/Contractor will prepare a market analysis by undertaking a study for the NJBC which assesses the current/future projected market for bioscience/biotech/ biomanufacturing/pure wet lab user need by:
 - 1. Examining and providing details of current market conditions/market area demand and competition
 - 2. Proposing what type or how much space should be developed in any category (e.g., proposed additional incubator space, step out labs, additional laboratory/office, and/or manufacturing space)
 - 3. Providing recommendations for repositioning or alternative uses of the entire NJBC, individual buildings, vacant land (in whole or in part)
 - 4. Provide appraisals of the NJBC: in the “as-is” condition, and after implementing the report’s recommendations.
- D. Submit written report(s) and deliverables to address and include the following:
 - 1. Determine the current/future market need and estimate the absorption of the various types of spaces ((e.g., incubator space, step out labs, additional laboratory/office, and/or manufacturing space) that could be developed within the next 5 years at NJBC, which would include, and not be limited to:

- a. Review the EDA 2016 Repositioning Recommendations/Reports and various EDA/CCIT materials leading to Technology Centre of New Jersey rebranding (to NJBC)
- b. SWOT analysis - Analyze the Strengths, Weaknesses, Opportunities and Threats for NJBC's current operations and future development, including, but not limited to:
 - i.the current real estate investment cycle for overall NJ bioscience assets (which phase are we in - expansion, or saturation, or decline?)
 - ii.current and future bioscience related local, state and national economic outlooks
 - iii.current and future bioscience related employment opportunities in the state and region
 - iv.current and future potential bioscience related competition
- c. Identify and review what the NJBC geographic market is:
 - i.how large is the market area (x miles from NJBC); how is the NJBC situated in the marketplace (current and future competitors – e.g., Center of Excellence, ON3 Campus, Deer Park, Princeton West R&D Campus, the HUB)?
 - ii.what advantages and disadvantages does its location have in the current and future marketplace
- d. Provide a detailed analysis of the NJBC market competitors which should summarize NJBC's position in relation to each competitor and recommendations to improve the NJBC's position in relation to the competition.
- e. Assess bioscience/wet labs and bio-manufacturing overall market demand (next 5 years); other "tech center's" market demand. Provide an analysis of laboratory space as follows:
 - i.current supply and demand of lab space within the asset's market and region
 - ii.future supply and demand of lab space within the asset's market and region specifically within the next five (5) year period
 - iii. potential market trends or impacts post-COVID.
- f. Propose an allocation of NJBC according to users and "sample" floor plans for the uses listed:
 - i.Incubator space – how much and what type (types of labs, size of labs, offices, conference rooms), and initial rents
 - ii.Step out space – how much and what type (types of labs, lab size, office, conference rooms), and initial rents
 - iii.Medium to Large commercial tenants – how much and what type (e.g., bio-manufacturing space, wet labs), and initial rents

- g. Taking into account the information developed from the market soundings, financial, SWOT, and market analysis, provide alternative recommendations as applicable.

2. Financial Analysis

- a. Propose rent recommendations for each use type.
- b. Prepare preliminary development budget estimate of the costs to implement the study's development/capital improvement recommendations, taking into account NJEDA's favorable cost of capital and tax-exempt status, as well as any applicable construction premiums, such as prevailing wage obligations.
- c. Prepare an operating proforma, which includes the study's recommendations for capital improvements. At least 2 proformas should be developed:
 - i. Rent reflecting market conditions
 - ii. Rent to achieve breakeven operations (i.e., no profit, no loss)
- d. Provide a recommendation(s) regarding NJEDA's required cash investment to implement the report's recommendations and answer the following:
 - i. In what manner should NJEDA invest to implement the recommendations?
 - ii. What type of investment or development relationship should NJEDA pursue to implement the plan's recommendations?
- e. Calculate NJEDA's return on investment (e.g., IRR, cash-on-cash, NPV, and other appropriate measures) based on NJEDA implementing an unleveraged and leveraged capital improvement program, for each development scenario.
- f. As included in the initial repositioning study, develop a revised financial model based on the report's recommendations.

3. Estimating Value and Asset Risk

- a. Prepare an appraisal, according to USPAP standards, reflecting NJBC's "as is" condition
- b. Prepare an appraisal which reflects the recommendations of the study
- c. Detail the asset risk in revising the NJBC's user mix (e.g., what is EDA's asset risk by increasing occupancy to start up, and 2nd stage small bio-science companies and what actions can EDA take to minimize the risk)
- d. Detail the asset disposition risk to revising the NJBC's rental mix (e.g., what happens to the value of the NJBC as it increases its portfolio risk to high risk companies)

4. Other Partnerships/Relationships

Provide recommendations regarding partnerships/relationships EDA should pursue to minimize its risk in further developing the park (e.g., educational institution partnerships in use and investment, RE investment partners)

E. Presentation and Discussion of Report and Findings

Attend meetings with EDA to review drafts, discuss findings and assess proposals

Attachment:

- 2016 Repositioning Study and Recommendations for Technology Centre of New Jersey
- NJBC, Step-Out Labs, and Incubator Overview and Listing of Tenants