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## Business, political leaders look to Winston-Salem for ideas on Charlotte innovation district

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WINSTON-SALEM — At 2 million square feet and growing, this city's Innovation Quarter grabbed the attention of Charlotte political and business development leaders during a visit yesterday. The group included Mayor Vi Lyles, county commissioners board Chair George Dunlap and executives from the Charlotte Regional Business Alliance, who spent two hours exploring medical school labs, revamped tobacco and power plants, and attractions including a public park, a brewery and restaurants.

Anchored by the Wake Forest School of Medicine, the Innovation Quarter in Winston-Salem took shape over the past 20 years. Graydon Pleasants, head of real estate development at the Wake Forest School of Medicine, said several times to reporters and the tour group that the medical school



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Charlotte council members Braxton Winston (left), Tariq Bokhari and Julie Eiselt participate in a tour of Wake Forest School of Medicine in Winston-Salem. Their visit included this student lab and an undiagnosed mannequin.

district will never be entirely finished. It is meant to adapt and evolve with new social, academic and business trends, Pleasants said.

To date, combined private and public investment totals \$900 million, with another 10 buildings planned for the next, 28-acre phase. The district encompasses 330 acres downtown. R.J. Reynolds Tobacco Co. donated 45 acres; Wake Forest bought the rest of the land.

The school's executive vice dean, Terry Hales, stressed the importance of making the entire community feel welcome and included in the district. Examples of that, beyond shared public spaces such as a 1.6-acre park and a 1.7-mile urban greenway connecting to other paths, can be found in upcoming apartment projects that will include priority for affordable housing and senior living.

The Business Alliance organized the tour as part of a local campaign to encourage support for as much as \$75 million of city and county incentives for Charlotte's planned innovation district. Atrium Health, Wake Forest Baptist Health and Wake Forest University are collaborating on a planned medical school campus in midtown Charlotte scheduled to open in 2024.

Part of the concept here is to coordinate and enhance research and technology between the existing Winston-Salem corridor and what's built in Charlotte.

"I think it's probably one of the most — if not the most — transformational opportunities the city of Charlotte has, or is going to have, for a long time," Republican councilman Tariq Bokhari said after touring the medical district. His colleagues seemed equally impressed, though being impressed and determining appropriate incentives are different matters. Lyles endorsed incentives, in general, for the medical school district last month.

Bokhari added that considering potential incentives comes with additional complications given the backdrop of the pandemic and changing work patterns and conditions. "We're both at a unique time and a challenging time to say, how do we build this thing

that's going to be one of the most important things in Charlotte's history knowing that Covid now exists," he said.

In September, Atrium Health CEO Gene Woods outlined the projected economic benefits of adding the city's first medical school and a companion health and life sciences district. Among the benefits: 5,500 new jobs and \$514 million in earnings over 15 years.

Wexford Science & Technology, a Baltimore real estate firm that helped assemble the Charlotte proposal on behalf of Atrium and Wake Forest, is the developer of the Innovation Quarter in Winston-Salem.

An Atrium spokesman told *CBJ* yesterday that the 14-acre site at South McDowell and Baxter streets will include a combined 1.5 million to 2 million square feet of medical, retail and housing projects. A city government source said that Atrium is scouting for additional adjacent property, which could potentially double the midtown site's acreage.

Atrium and Wake Forest hope to have an answer soon from Mecklenburg County and the city. Incentives are most likely to come from a portion of additional property tax revenue generated by private investment in the medical school district. Under that scenario, Mecklenburg would contribute \$50 million and the city \$25 million.

Bokhari was one of six council members who participated in the tour. The mayor and the 11-member council are conducting a fall retreat in Winston-Salem today and tomorrow.

Council has yet to formally discuss the incentives request from Atrium and Wake Forest. Bokhari said that, when considering infrastructure investments such as roads, water and so on, the medical school should be viewed like Johnson & Wales, the culinary and hospitality school that consolidated two campuses by building an uptown Charlotte campus in 2004. JWU received \$10 million from state government as well as deeply discounted land and reduced rental rates, according to previous *CBJ* reporting.

Bokhari's point was that having a medical school — or a renowned culinary university — brings prestige and shapes the surrounding

community beyond fiscal return on investment. Quantifying that value is tricky, though Bokhari said some high-level discussions have already begun.

“It’s our job now to get in the weeds of, okay, how much city money, county money, all these things, in relation to what’s the return going to be,” he said. “How’s it going to change the community forever?”

In Winston-Salem, 5,300 jobs have been created in the Innovation Quarter. Ninety private companies, nonprofits, research groups, and schools have opened there. The main venture, the medical school, has 600 students; in Charlotte, the number will be 360. City, county, state and federal grants and incentives have aided the development, mostly in the form of roads and other infrastructure. Representatives of the school and district declined to estimate the mix of public and private funding and said that providing an actual number would be difficult to calculate because of the staggered development patterns and different investors.

A Wake Forest-commissioned analysis estimates the economic benefit of the Innovation Quarter is \$50 million annually, including property taxes, earnings and indirect spinoff effects. The latter is considered a notoriously difficult-to-discern and oft-inflated calculation by independent economists.

Pleasants, the medical school real estate executive, envisions a dramatic shift for the Charlotte region if the Wake Forest/Winston-Salem model is embraced.

“They get the opportunity to create a brand-new economy for Charlotte,” he said. “Something that doesn’t exist there.”

If, that is, the price is right.

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