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By: Amy Wolff Sorter

Making a Success of Innovation Districts

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Pictured: Innovation Quarter, Winston-Salem, NC

According to a recent survey by the Association of University Research Parks (AURP) and Stiletto Consulting Inc., more than two-thirds of North American university-based research parks and innovation districts report developing or gearing up to create major building projects.

And according to a recent article in Urban Land Magazine, some of those development projects could fail, especially if they lack "the right funding, programming and governance."

The article isn't entirely grim, however. In researching the topic, experts from the ULI, The Brooking Institutions and the Global Institute on Innovation Districts provided suggestions to help move toward innovation district success.

But First, The Struggle

The article explained that part of the reason for an R&D park struggles can be

are a thing of the past.

Tips for a Flourishing District

The Urban Land Magazine article offered the following four tips to help create and maintain a thriving innovation district:

#1: Ensure an authentic identity

In other words, put a clear identity, mission, and focus in place rather than putting a bunch of research buildings in the same space and hoping for the best. For example, North Carolina's Innovation Quarter focuses on regenerative medicine, while The Pearl (also in North Carolina) will be in place to guide equitable health outcomes.

#2: Balance planning, funding and governance

Many of the district leaders approached by the article's authors explained that "strong private-sector leadership is essential for success," even if public capital from universities and government agencies is involved. "The right funding and governance should consider the importance of creating covenants for continuing maintenance of the innovation district, including for PPPs, governance, and the district's overall operating model," according to the article.

#3: Ensure the right people, places and programming

In other words, be selective with occupiers, ensuring what the article called "an intentional mix." Also important in a successful innovation center is a physical design that takes advantage of a viable urban locale, the addition of attractive spaces and amenities and cutting-edge infrastructure. Professional services, venture capital and other programs and services should be in place to attract and lure growing organizations to the location.

#4: Pay attention to social, economic and environmental impacts

Brooklyn Navy Yard in New York City offers an equity incubator focused on helping start-ups and businesses owned and operated by people of color. Also in New York is the New York Climate Exchange, focusing on green economy development and climate crisis solutions. "Leading districts focus their occupants, design, and programming to make an impact, including job and venture creation, workforce development, experiential learning opportunities for students, and applied research," the article added.

◦Development

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By: Paul Bubny

Core Real Estate Fund Returns Stay Negative but Improve

The National Council of Real Estate Investment Fiduciaries (NCREIF) second-quarter 2024 results for the NCREIF Fund Index – Open-end Diversified Core Equity (NFI-ODCE) tell a story similar to the **Q2 NCREIF Property Index**: still negative but improving.

NFI-ODCE total return gross of fees for Q2 2024 was -0.45%. That's up from -2.37% in the previous quarter, and up from -2.68% a year ago. The income return was 1.02%, slightly above 0.99% in the previous quarter, and up from 0.87% in Q2 2023.

The appreciation return was -1.46% for the quarter, above the previous quarter's -3.35%, and up from-3.55% in the year-ago period. This is the eighth consecutive quarter of negative appreciation returns. The average quarterly income and appreciation returns are 1.65% and 0.34%, respectively, since the index's inception of March 31, 1978.

The NFI-ODCE universe consists of 25 funds totaling $284.3 billion of gross real estate assets.

◦Financing