

Innovation Quarter name change reflects putting community projects to forefront of future development

By Richard Craver Winston-Salem Journal - Feb 15, 2020



The Wake forest Innovation Quarter is dropping Wake Forest from its name and will now be known as the Innovation Quarter

A symbolic passing of an economic-development baton took place last week.

Wake Forest University announced Thursday that it has removed its name from the Innovation Quarter it helped found about 25 years ago in downtown Winston-Salem.

Wake Forest School of Medicine governs the 1.2-million-square-foot innovation district under the auspices of the university. Both groups stress that the name change does not reduce their financial and infrastructure commitment.

The change is part of a three-prong branding and outreach initiative aimed at encouraging the local community to more fully embrace the Innovation Quarter's live-work-learn-play marketing pitch.

The other elements in the initiative are developing innovation sectors within the district and placing a "deeper focus" on the attributes of successful global innovation districts.

The change is designed to demonstrate that the Innovation Quarter has evolved beyond the public perception that it contains just Wake Forest Baptist Medical Center research and related entities.

The district had similar typecasting when it served for decades as a pivotal base for R.J. Reynolds Tobacco Co. operations, until the company began downsizing in the early 1990s.

The marketing around the name and brand changes emphasizes that the Innovation Quarter provides a "pathway to innovation" for the community.

James Patterson, a marketing and communications director for the quarter, said one influence was hearing from local residents that they didn't feel connected to the district.

"The Innovation Quarter has become much more than just Wake Forest research, but we heard comments about how or why they would interact with what seems to be research and people with Ph.Ds," Patterson said.

"There's a lot more going on here," he said, citing the additions of restaurants, retail stores, apartments, hospitality accommodations and lifestyle activities.

"When people visit the district and come upon yoga classes taking place, or they attend concerts and movies, they tend to marvel that those things are going on here," Patterson said. "We really needed the brand to reflect that, while also having an eye for the deep history and architectural identity that has existed here for decades."

Community investment

Wake Forest's pledge to the Innovation Quarter may be reassuring to the local community given that the university, its health-care system and Atrium Health of Charlotte are preparing to unveil a partnership. The groups have told bondholders they plan to disclose details by March 31.

Atrium's managers and board of commissioners, as well as Charlotte-Mecklenburg Hospital Authority's board of advisers, toured the Innovation Quarter facilities on Aug. 14 as part of their due diligence for the partnership.

Business North Carolina reported Wednesday that Eugene Woods, Atrium's chief executive, said at its board meeting Tuesday that the not-for-profits now expect the Federal Trade Commission to make a decision by mid-2020 about whether it will approve the partnership.

The official message since the not-for-profits' April 10 memorandum-of-understanding announcement is that they are jointly "creating a next-generation academic health-care system" headlined by a Charlotte medical school campus debuting in 2021 or 2022.

Winston-Salem Mayor Allen Joines praised the district's name change, saying it "more clearly reflects the community-wide impact of this project."

Winston-Salem's overall investment in the Innovation Quarter has been at least \$56 million, along with at least \$5.85 million from Forsyth County.

Gayle Anderson, a former president and chief executive of Winston-Salem Chamber of Commerce, said the original name of the district — Piedmont Triad Research Park — was approved "because it was a community regional initiative, not one directed by any individual entity."

"As Wake Forest took on a significant leadership role, that changed to reflect its leadership," Anderson said.

"Now, as multiple entities drive the future of Innovation Quarter, it seems appropriate to recognize again the cooperative spirit behind it," she said.

Reynolds donation

Inspiration for the Innovation Quarter came primarily from the recognition of major cracks appearing in Forsyth County's economic base by 1990, foremost the effect of the leveraged buyout of Reynolds in 1988.

Eventually, more than 10,000 job cuts came from a handful of large companies, such as Reynolds, Hanes Corp., McLean Trucking Co., Piedmont Aviation, Western Electric Co. and Wachovia Corp., as they were either bought, moved or went out of business.

With the business community forced to diversify, a volunteer cadre of economic, educational and elected officials began to embrace the economic side of health care and education — as much out of anxiety and necessity as foresight.

Among the officials brainstorming at the time were Anderson; Jerry Long, Reynolds' president and chief operating officer; Thomas Hearn Jr., the president of Wake Forest University; Dr. Doug Maynard, the head of radiology with what was then Bowman Gray School of Medicine; and Dr. Pete Santiago, a professor of biomedical engineering at the medical school.

"A careful look at our economic makeup showed that we were very dependent on traditional, mature industries that had little opportunity for growth and would likely decline," Joines said.

Wake Forest University Health Sciences began its put-your-money-where-your-mouth-is participation in 1994 by expanding beyond its Ardmore campus to establish a presence in the Piedmont Triad Community Research Center off South Chestnut Street.

What became known as Piedmont Triad Research Park made slow progress until 2002, when Reynolds passed the baton through an eight-year pledge to donate several warehouse and operations buildings, along with a combined 38 acres, to the Wake Forest group.

The donations concluded with Bailey Power Plant and its smokestack, a signature part of the downtown skyline for decades.

Reynolds estimated the overall value of the donated properties at \$19 million, along with a \$2 million unrestricted gift that served as seed money. Reynolds received significant property-tax relief from the exchange.

"Reynolds has long supported the local community and Winston-Salem's economic development," Susan Ivey, then-chairwoman, chief executive and president of Reynolds, said in April 2010.

"This announcement celebrates a milestone in downtown development and underscores the company's commitment to play an important role in downtown revitalization," Ivey said.

In a high-profile ceremony in 2002, backers of research park predicted it would employ 15,000 people by 2017.

At last count, there are 3,600 workers in the district, including 950 with Inmar Inc. and medical-school officials.

"It was Dr. Richard Dean who really established this grander vision of a 200-acre plus urban research park, which went well beyond the original thinking," Dr. John McConnell said in 2015. He was hired as Wake Forest Baptist's first chief executive, serving from 2008 to 2017.

Wake Forest Biotech PlaceThe research park surfaced on the national life-sciences map in 2004 when Wake Forest recruited Dr. Anthony Atala and his research team from Harvard University to form the Wake Forest Institute of Regenerative Medicine. Atala gave the park a "rock star" researcher and fundraiser.

Still, another four years went by before Wake Forest Baptist Medical Center unveiled in February 2008 plans to convert 1.1 million square feet of the Reynolds warehouse space into medical laboratory and research space, along with a variety of residential options and commercial space.

At the forefront was Wake Forest BioTech Place, a \$106 million, 242,000-square-foot center filed with life-sciences laboratories, offices and other uses transferred from the main campus. The building opened to great fanfare in February 2012.

The Great Recession of 2008-11 pumped the brakes on much of the development plans.

Still, a June 2010 announcement of Wexford Science and Technology LLC of Baltimore pledging an \$87 million project for the downtown North District kept an element of momentum going. That project involved the renovation of Building 91, a former Reynolds manufacturing building near the corner of East Fifth Street and Patterson Avenue, into a life-sciences hub.

In March 2013, the district was changed to Wake Forest the Innovation Quarter to help distinguish it from Research Triangle Park, and to lend the heft of the Wake Forest brand as part of a national and global life-sciences outreach.

"The research park expansion," Dean writes in the summation for his 2018 book "Strong Medicine for Winston-Salem," "will likely be deemed the largest single economic revitalization initiative ever to be undertaken in Winston-Salem's history by any entity."

Dean said in a July 2018 interview with the Winston-Salem Journal that the university and the medical school were taking a financial and reputational risk with the research park initiative, in part because of how unwelcoming downtown was becoming in the mid-to-late 1990s and how the bulk of the park was projected to be occupied and/or owned by nonuniversity groups.

Dean said the district has been brought forward in part because Wake Forest University Health Sciences was successful "in obtaining enough external funding to cover the cost of all critical infrastructure issues."

Waiting for commitments

Wake Forest Baptist officials say the brand change is as much about the future of the Innovation Quarter as serving as a welcoming symbol to the community.

The brand change reflects "an intentional self-assessment of where we are and where we want to go," said Graydon Pleasants, the head of real-estate development for the Innovation Quarter. "The change is reflective of that introspection."

There are more than 1,800 degree-seeking students between the School of Medicine and Wake Downtown, the university's undergraduate presence.

More than 90 independent companies have operations in the Innovation Quarter, along with Winston-Salem State University, Forsyth Technical Community College and UNC School of the Arts.

“The branding changes afford these institutions the ability to more easily embrace the name within their brands in an effort to continue to form collaborative partnerships,” the university said.

Pleasants said Innovation Quarter officials are planning how to prudently provide new space with a green construction approach, particularly in the mostly undeveloped South District and the land on the north side of Salem Parkway, formerly Business 40, next to U.S. 52.

Pleasants cited more than 60 developable acres, including 28 shovel-ready acres in the next phase, that could produce up to an additional 2.4 million square feet of space.

However, Pleasants cautioned that Innovation Quarter officials will wait for commitments before beginning new projects, rather than relying on speculative building construction to attract new tenants.

“Attracting small companies to the Innovation Quarter as it evolves is a key element of its future,” Pleasants said. That includes collaborating with Winston Starts, Flywheel, Venture Cafe and other entrepreneurship-focused local groups.

Innovation Quarter officials are assisting with a five-year, \$7.5 million public-private funding effort — unveiled in November — to build resources to help attract at least 100 high-potential startups to the community.

A \$50,000 grant would be offered to a startup that moves 51% of its operations and at least one co-founder to the area. Over time, they would be required to give 1% of their profit back to the ecosystem.

John H. Boyd, a national site-selection expert based in New Jersey, said the name change “will have no effect on Winston-Salem’s ability to leverage the intellectual capital of Wake Forest University.”

“The site-selection process for our corporate clients in the biopharma industry is all about collaborative research relationships, workforce recruiting, continuing education opportunities and the lifestyle amenities that a university presence like Wake Forest brings to a community,” Boyd said.

Pleasants said Innovation Quarter and university officials are keenly aware of their responsibility with the next stage of the district’s evolution. “We have to be good stewards of the land and develop it in the best way possible for the success of the Innovation Quarter and the community as a whole,” Pleasants said.