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COVER STORY

Trial run: Biotech firms are racing to new clusters outside of Cambridge

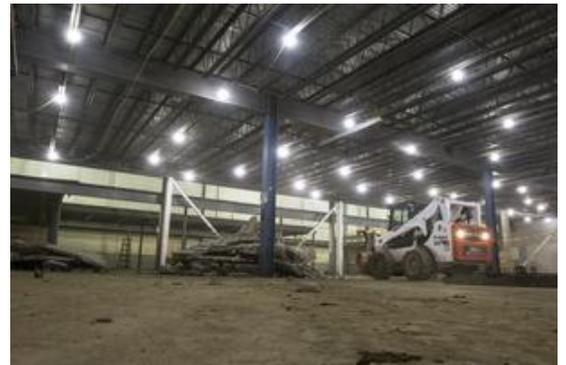
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Orange-vested workers scatter around a dark, nondescript 1970s-era building that once housed a weaving expanse of newspaper printing presses. Now empty, the former headquarters of the MetroWest Daily News is being transformed into a hub of scientific and technological innovation.

The building will be Framingham's first mixed-tenant biotech campus. The New York Avenue site is around 25 miles from the heart of biotech — Cambridge — but life sciences development company [King Street Properties](#) is wagering that the planned 105,000 square foot building will be a destination as biotech firms leave Cambridge.

"It's an increasing trend we're seeing — the moves further outside of the city. There's a whole world outside of Kendall that is producing good ideas," company principal [Thomas Ragno](#) told the Business Journal.



W. MARC BERNSAU

As Massachusetts' life sciences industry reaches new scientific and financial heights, increased facility needs are leading Cambridge's biotech refugees to set up camp further outside of the city than ever before. Indeed, numerous biotech companies have opted to leave the urban core over the last several years. Infectious disease company Visterra announced in February that it would be moving to Waltham from its highly sought-after One Kendall Square location. Meanwhile, C4 Therapeutics and Addgene have both recently announced moves from Cambridge to Watertown.

There's little room for growth in what has been described as the most innovative square mile on the planet, with the amount of vacant space in Cambridge dropping to all-time lows during the second quarter of 2018, according to real estate firm Cushman and Wakefield.

Meanwhile, companies are writing rent checks for twice the amount they were in 2013 and engaging in a cutthroat competition for space. Rents are currently hovering around \$90 per square foot, compared to Cushman and Wakefield's estimate of \$44 per square foot five years ago.

The rental prices in Watertown — the site of Boylston Properties' mixed retail and laboratory development to which four biotech companies recently moved their operations — hover around \$30 per square foot.

"The reality is, we've reached a tipping point in the lab market in Cambridge. There's little to no vacancy, and the demand has outstripped supply," said Newmark Knight Frank Executive Managing Director Mark Winters. Newmark estimates the need is six times higher than the available stock citywide.

Lab space in Cambridge is dominated by two California-based real estate investment trusts, Alexandria Real Estate Equities Inc. and Biomed Realty, neither of whom own much property outside that city.

Meanwhile, the growth in Massachusetts' biotech industry — already the biggest sector globally — is showing no signs of stopping. More than 80 percent of companies polled by MassBioEd said that they plan to increase their workforce over the next year, with the number of life sciences jobs statewide growing from around 70,000 now to 82,000 in 2023.

Workers are quickly becoming a premium, lured from company to company by a variety of means, including prime office locations and amenities.

Case in point: Concert Pharmaceuticals' new Lexington offices at King Street's Hayden biotech campus includes an all-access gym, a cafe and shuttle buses to Alewife station.

Danvers-based Abiomed — which CEO Mike Minogue said is always searching for candidates able to develop and manufacture the company’s tiny heart pumps — has an in-house Starbucks.

Abiomed is also one of many companies that have decided against outsourcing their manufacturing operations.

Few locations in Cambridge have the capacity for a 30,000-square-foot addition like Abiomed’s, let alone Moderna Therapeutics’ 200,000-square-foot expansion.

“As companies get further along and they now have a commercial product they’re going to make it... They need a different kind of building,” said Stephen Lynch, a principal at [King Street Properties](#).

[King Street](#) doesn’t develop projects with a specific client in mind, instead working by a “build it and they will come” mindset. So far, the companies are following. With nine months to go before the MetroWest site is scheduled to open, more than half has already been leased by immunotherapy company Replimune. The early interest has the real estate developers eyeing more space in Framingham and potentially as far west as Worcester.

For now, here’s a look at five areas that local life science companies are considering outside of the city:

Framingham

[King Street](#)’s project at the former MetroWest Daily News site could be the first of many developments in the area. The area is a natural expansion for the life sciences industry, given its direct route to Boston and Worcester technology schools. Neighboring Marlborough and Hopkinton, meanwhile, have a further 330,000 square feet of R&D space available, according to Cushman & Wakefield.

Sanofi Genzyme is in the process of expanding its existing New York Avenue site, adding a new \$80 million bio-manufacturing facility. Arch Therapeutics and Berg LLC are also located there.

The city also marks the halfway point between the expanding western and central Massachusetts biotech arena, and the industry core in Cambridge. In recent months, the state Legislature fast-tracked a bill to [convert a former Worcester state hospital into a biotech park](#), while the Baker administration delivered a \$13.7 million check for the [construction of a long-discussed biotech incubator in Pittsfield](#).

Bedford

While Lexington has long been a life sciences hub, biotech companies continue to gravitate towards its northeastern neighbor, Bedford. Multiple companies have put the town on their shortlists for headquarters locations over the last two years, including Concert Pharmaceuticals.

The home of Homology Medicines, Anika Therapeutics and Ocular Therapeutix, Bedford is one of MassBio's "Platinum" BioReady Communities. It boasts 200,000 square feet of available R&D space, plus an additional 330,000 square feet of office space. Much of the space is already permitted for use by biotech companies, while Bedford's health department has adopted the NIH's recombinant DNA guidelines, making it a ready site for gene therapy and gene-editing companies.

Watertown

Already a popular site for overflow from Cambridge, Watertown's popularity has grown over the last few years as more life sciences developments have emerged. Boylston Properties' office and lab building opened last summer, and has been filled with former Cambridge companies such as Kala Therapeutics and Aileron Therapeutics,. Following that development, brokers said they are seeing an increase in the amount of tenants asking about Watertown. Companies considering moving to Watertown would find neighbors in Tetrphase Pharmaceuticals and Enanta Pharmaceuticals, among other biotech companies.

Waltham

Cushioned by biotech hotspots Lexington and Watertown, Waltham is a natural progression for the state's life sciences expansion. Home of the life sciences giant Thermo Fisher Scientific and Alkermes Pharmaceuticals for decades, more recently, drug companies Tesaro and Chiasma were founded there, and have since been joined by companies like Visterra.

King Street Properties is currently completing construction on its second life sciences campus in the city at 828 Winter St. banking on the fact that life sciences companies tend to seek out areas with an established biotech neighborhood. "Real estate people used to say, 'people want to do business with people who do business.' Our version of that is, 'People want to do business where people do business,'" King Street's Lynch said. "Aggregation in science is just a fact."

Norwood

Moderna's decision to expand into Norwood left some industry experts scratching their heads, but it's a move other companies may echo in coming years. Better known for car

dealerships, the town was already home to Corbus Pharmaceuticals, and town officials offered the biotech unicorn \$1.7 million in tax credits to move there, though officials are mum about the possibility of offering similar tax plans in the future. Moderna's new manufacturing and clinical research site is half a mile from Westwood, which boasts some 130,000 square feet of available R&D space. However, real estate experts say potential tenants are likely limited to companies with manufacturing operations in Massachusetts.

Merrimack Valley struggles to lure life sciences firms

While more life sciences development is being conducted outside of the Boston metro area, cities and towns along the Merrimack River are experiencing a trend reversal.

Both Eisai and Philips Healthcare have announced they are shutting the doors on their Andover offices this year to move to Cambridge. The decision was especially notable for Eisai, which had just launched its Andover innovative Medicines Institute, or AiM, in 2016. Both companies say the moves better position them for partnerships with other biotech companies and health care organizations.

The soon-to-be empty lab space could be prime for redevelopment. Several of [King Street Properties](#)' recent life sciences campuses have been forged from former large life sciences company headquarters, as the sites are easier to retrofit and divide up for rent by startups and smaller companies.

The Merrimack Valley already has some of the highest R&D space vacancy rates across Massachusetts, ranging from 8 percent in towns like Andover to as much as 50 percent in Tewksbury, according to Cushman & Wakefield. Altogether, the region between Chelmsford and Lawrence contains around 3 million available square feet of R&D space.

But biotech clients appear hesitant to move north. Andover and the rest of the Merrimack Valley haven't been a contender for Newmark's clients considering a move to the suburbs, Winters said. Companies are seeking good public transit options, a hub of surrounding biotech companies with which they could potentially collaborate and a community to which they recruit talent to work and live — qualities that are lacking in the northern suburbs.

“To have a company go from the city to another town is like trying to move a boulder. To get them all the way up to Andover or Methuen would take a lot of time,” Winters said.

All hope is not lost. Ann Ormand, Andover's Director of Arts, Business and Cultural Development, said that Pfizer recently invested \$300 million in their Andover campus. The town plans meet with current and potential businesses to develop a recruitment and

retention strategy.

“While we may not directly compete with Cambridge, Andover is positioning itself to be a very welcoming alternative for the life sciences field and the best option north of Boston,” she said.

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