

Northeast Real Estate Business

## **Greater Boston's Biotech Market Continues Positive Momentum**

By Brendan Carroll

*Brendan Carroll is the Vice President of Research for Richards Barry Joyce & Partners*

The thriving Boston area Laboratory real estate market proves that physical location remains paramount, despite the increasing dominance of the virtual world.

Talented workers comprising Greater Boston's large biotechnology research labor force remain drawn to the region's vast employment choices appropriate for their background. The diverse array of biotechnology research operations in the area allow for numerous career paths, and also provide better leverage in negotiating compensation. This cycle provides employers with one of the greatest and most concentrated labor forces appropriate for their biotechnology research operations in the world. While they face competitive pressure for the most talented employees, their desired skill set is so rare that large companies, which hire for scale, and small companies, which must hire quickly, similarly have pressing reasons to locate in the area. The close concentration of biotechs, to each other and to educational institutions, has created numerous collaborative opportunities. Additionally, as Europe's thriving biotech sector increasingly develops and partners domestically, Boston's advantage as the closest major US market to Europe will prove an additional physical advantage – Boston's five and a half hour flight to London's Heathrow Airport is almost half the duration of the flight from San Francisco.

Growth in the region's biotech sector continues to be fueled by collaboration with large pharmaceutical players, a steady volume of venture capital funding, a recent increase in merger activity, and a friendly regulatory environment. To accommodate this growth, the inventory of Laboratory real estate in Greater Boston, which has doubled since 1998 to encompass 14.8 million sf, welcomed two new projects in the first half of 2008. The 417,000 sf 301 Binney Street and the 177,000 sf 200 Technology Square projects, both in East Cambridge, opened a combined 30 pre-leased. Presently under construction is the 703,000 sf Center for Life Sciences Boston and the 278,000 sf 650 East Kendall Street, in Boston and in Cambridge, respectively. The Center for Life Sciences Boston will be the largest biotechnology research focused facility in the Northeast US, upon its anticipated completion in the fourth quarter.

Suburban clusters of biotechnology research have emerged as a lifestyle and pricing alternative to the dense and more expensive cluster of biotech properties in Boston and in Cambridge. The suburban submarkets, most notably clustered in Lexington and Waltham, has seen an inventory increase of 1.2 million sf in two years, with tenants absorbing 516,000 sf in the first half of 2008 alone. Shire HGT, Altus Pharmaceuticals and Genzyme top the list of more than 100 biotechs located in and/or growing recently in near west suburban submarkets. The Greater Boston area is increasingly well positioned to benefit expected continued growth in the global market for biotechnology research.

*Brendan Carroll is the vice president of research for Richards Barry Joyce & Partners, a full-service commercial real estate firm based in Boston. The firm counsels many high tech and biotechnology companies on how proper real estate management can further their corporate goals.*