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Suburban Appeal

Biotech Demand Outstrips Suburban Supply

Trend Is Pushing Up The Cost Of Lab Space

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Biotech clusters are forming in communities like Medford and Woburn, as startups lease lab and incubator space at less cost than in Cambridge and leading Route 128 markets. The result: Demand for lab space in suburban Boston is far outstripping supply, with life science tenants in the market for 700,000 square feet and only 400,000 square feet of lab space immediately available, according to a report by commercial real estate brokerage JLL.

“We have unprecedented new lab space being built in Boston and Cambridge, but it’s primarily for single users,” said Peter Abair, director of economic and global affairs for the Massachusetts Biotechnology Council. “With the costs in Cambridge, it makes a lot of sense to look at the inner suburbs.”

During the first quarter, tenant demand by life science companies in the overall suburbs rose 30 percent from the previous year, according to JLL. Occupancy rates



Biotech startup PixarBio Corp. opened its new headquarters and R&D center in February at 200 Boston Ave. in Medford. The incubator space, owned by Cummings Properties, is now 100-percent occupied.

are up in Medford and Woburn, where rents have increased in the past year but still offer steep discounts from Cambridge and Lexington. Mid-sized tenants are the dominant players, typically seeking space in the 20,000-to-50,000-square-foot range.

Biotech clusters have sprung up in Medford and Woburn at properties owned by Cummings Properties. Cummings owns five incubator spaces in Medford and Woburn, where it has its headquarters. The company boasts a 2-million-square-foot portfolio of life science space that also includes properties in Beverly and Somerville.

Cummings partnered with the city of Woburn in a strategy to attract biotech in 2011, helping the city gain “BioReady” designation from MassBIO by offering streamlined permitting for life science research and manufacturing. Cummings operates three biotech incubators with a total of 13 tenants in Woburn at 25 Olympia Ave., 300 West Cummings Park and 3 Gill St.

The latest startup to relocate from Cambridge to Woburn is Blue Stream Laboratories, which leased 12,500 square feet for its light manufacturing, office and lab expansion. Blue Stream will move to 8 Henshaw St. in July, and the facility has room for future expansion, said Eric Anderson, executive vice president at Cummings Properties.

Prime Locations For Recruitment

In Medford, PixarBio Corp. opened its R&D center and headquarters at 200 Boston Ave. in February, and expanded from 2,700 to 8,000 square feet in May. The company is in the pre-clinical stage for Parkinson’s disease and epilepsy treatments. PixarBio’s co-founders share MIT backgrounds and wanted to be near Kendall Square, but they didn’t want to pay Cambridge rents for their startup, founded in November.

“We think the price is right (in Medford), and in our industry, the veteran scientists we need are in the suburbs,” CEO Frank Reynolds said, noting that two employees live within walking distance. “The location has been prime for recruitment.”

Another life science startup, GreenLight Biosciences, has been steadily growing at 200 Boston Ave. since 2010 and now occupies 10,000 square feet. Last August, the company received \$10.5 million in funding from Khosla Ventures and in February it entered a partnership with Bayer CropSciences on manufacturing crop protection products. CEO Andrey Zarur said he considered Woburn locations before choosing 200 Boston Ave. because it’s more convenient for young employees who commute by bicycle or mass transit. The property is about two miles from the Alewife and Davis Square stations on the MBTA Red Line and a mile from the planned terminus of the Green Line Extension project.

Lab spaces in Medford and Woburn typically rent for one-half to one-third of those in Cambridge, Cummings’ Anderson said. Average rents for Class A office and lab space in East Cambridge were \$57.85 per square foot at the end of the first quarter, according to commercial real estate brokerage Cassidy Turley.

Cummings bought the Boston Avenue buildings at auctions in the early 1990s and renovated raw warehouse space into 250,000 square feet of labs and offices, with Tufts University becoming the largest tenant. Cummings recently completed a 40,000-square-foot addition at 200 Boston Ave., part of which is being occupied by PixarBio, and the building is now fully leased. The Cummings property at 196 Boston Ave. is 86 percent occupied.

“It comes in waves. As you see the economy improving you see rents go up, and (companies) move out to the suburbs,” Anderson said. “It’s attributable to the recovering economy, and life sciences in general are doing better.”