

NY Times
February 21, 2007
Square Feet

Bringing Laboratory Space Back to New York

By ALISON GREGOR

When Eric Kandel, a [Nobel laureate](#) at [Columbia University](#), formed a life sciences company, Memory Pharmaceuticals, in 1998, a lack of lab space options in [New York City](#) eventually forced the business to Montvale, N.J.

In March, the same real estate developer that built those Montvale laboratories, Alexandria Real Estate Equities, will break ground on New York City's first substantial campus for the life sciences, called the East River Science Park. The first tenants are expected in 2009.

Upon completion, the \$400 million complex will have three buildings encompassing 1.1 million square feet of specialized laboratories and office space. It will occupy 3.5 acres in [Manhattan](#) between East 28th and 29th Streets and First Avenue and Franklin D. Roosevelt Drive.

Proponents of the East River Science Park said they hoped it would induce start-up life sciences companies like Memory Pharmaceuticals, which now has 65 employees, to set up operations in the city.

"There is huge investment in basic research in the life sciences through our medical research institutions, but we have failed to commercialize our science in New York City," said Kathryn Wylde, president and chief executive of the Partnership for New York City, a nonprofit group composed of 200 chief executives from companies in the city.

"There are about 30 bioscience companies a year coming out of New York institutions, and essentially, they're all going elsewhere."

To change that, the partnership's economic arm contributed \$10 million toward creating East River Science Park. The group also worked to enlist the cooperation of an array of top scientific institutions, including Columbia University, [Memorial Sloan-Kettering Cancer Center](#), Mount Sinai Hospital, [Rockefeller University](#), [New York University](#) School of Medicine, the Hospital for Special Surgery and Weill Medical College of Cornell University.

Some of the institutions are within a 50-block corridor on the East Side of Manhattan, creating a natural cluster around the planned East River Science Park campus.

"The reason we think New York City is going to be particularly competitive is most other clusters have one or two institutions," Ms. Wylde said. "Here, we have seven or eight major institutions, so the critical mass of science and of talent is greater here."

In the life sciences, private businesses often collaborate with research institutes, medical centers and government agencies. The efforts tend to be clustered in a handful of cities, including Boston and Cambridge, Mass., and San Diego.

Laboratories used by life sciences businesses tend to have special features, like higher ceilings, heavier floor-load capacities and advanced mechanical, electrical, ventilation and plumbing systems.

Alexandria Real Estate Equities, a real estate investment trust based in Pasadena, Calif., specializes in this type of development. The company, which is publicly traded, owns 159 properties, encompassing about 11.2 million square feet; six million more square feet are planned.

It is building the East River Science Park as a speculative development, said Joel S. Marcus, the chief executive of Alexandria. The company's tenants are mainly biotechnology and pharmaceutical businesses, but also include biodefense companies that might, for example, produce a vaccine for anthrax; concerns that develop medical devices; nonprofit organizations; and branches of government agencies and universities.

"We've got quite a few clients that we're going to recruit there, and we're in discussions with a number of people," he said. "We've got a pretty good handle on the market." Mr. Marcus said the new center would have dozens of tenants.

Property development in New York City is notoriously expensive, and life sciences space can cost two to four times that of conventional office space to develop.

Alexandria did not have to purchase the land, however. It negotiated a land lease with the city for 49 years with two 25-year options. The parcel holds a parking lot and an old laundry building that is part of the Bellevue Medical Center campus.

Once construction is complete, Alexandria will pay the city \$2 million a year, a figure that will escalate over time, said the New York City Economic Development Corporation.

Alexandria will also receive subsidies. Infrastructure work, like relocating a sewer and other utilities and cleaning up the site, will be paid for with \$13.9 million from the city, \$27 million from the state and possibly \$2 million in federal money. There will also be property tax abatement over 25 years worth \$251 million, and breaks on city and state sales tax and recording taxes worth about \$22.7 million.

That should enable the developer to keep rents at a reasonable level, helping attract start-up companies, said Bill Fair, the managing director of health care and bioscience at the city's Economic Development Corporation. "What we strongly encouraged Alexandria to do, since it's on city-owned land, is to make sure the rents are appropriate to allow some percentage of early-stage companies to come into the East River Science Park," he said.

Lab space that has been fully built out at the Audubon Business and Technology Center, affiliated with Columbia University, is running at \$55 a foot; the 100,000-square-foot center is full, with about 16 life sciences companies, said Carol Shuchman, director of commercial leasing and development at Columbia.

The only other complex offering life sciences space in the city is in [Brooklyn](#) at the Advanced Biotechnology Park of the [State University of New York](#)'s Downstate Medical Center. It currently has about 24,000 square feet of "incubator" space for start-up companies.

Mr. Marcus, Alexandria's chief, said his company was designing the buildings to attract both start-up and midstage companies, as well as biotech venture capital companies. Besides trying to

keep new bioscience companies in the city, Alexandria will also try to recruit companies from the region, as well as pharmaceutical and biotech companies based worldwide.

But even if Alexandria is able to hold down rents to recruit early-stage companies, there is no guarantee that the life sciences will flourish in New York City, said Sheridan Snyder, entrepreneur in residence at Rockefeller University.

Those institutions turn only a tiny percentage of that research into applied science, products and clinical solutions each year, said Mr. Snyder, who founded the biotech company Genzyme in 1981 and has since founded other bioscience businesses.

The East River Science Park “is akin to when the football coach says, ‘I need a new stadium to recruit players,’ ” Mr. Snyder said. “It’s a great step, but there’s so much more than just putting up that building.”