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By Donald Greenhalgh: Biotechnology industry bringing Boston a healthy 2012

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Twenty years ago, as the computer industry was waning in Mass., many predicted that the biotechnology industry would take its place as the next economic superstar.

Based on current building activity, 2012 appears to be the year that prediction finally comes true.

While the commercial real estate business is recovering slowly in other major U.S. cities, Boston is well ahead of the curve with eight major projects that will produce 2.6 million s/f of office and laboratory space. Of that amount, more than 2 million s/f is biotechnology related, according to a report from the real estate firm Richards Barry Joyce & Partners LLC.

In fact, the report found that the Boston area has more biotechnology-related construction under way than any other city in the country. Current biotech projects include four in East Cambridge, two in Boston's Seaport Innovation District, and one each in the Back Bay and Longwood.

The biggest of these projects is Vertex Pharmaceuticals Inc.'s move to Seaport. While Vertex is moving from Cambridge, its signing of a \$1.1 billion lease makes its move the biggest real estate story of the year for Boston.

Other biotechnology companies building in Boston include well-known names such as Biogen Idec Inc. and Pfizer Inc., as well as many foreign companies. The Mass. Biotechnology Council (MassBio) noted that 11 foreign companies began operating in Massa. in 2011, including SciVax USA (Japan), Izon Science (New Zealand), Fraunhofer USA (Germany), Variation Biotech and Enobia Pharma (Canada) and Prism Idea (UK).

Even better news, additional projects are either being designed or are already permitted. Many Boston architects, who suffered more than most during the economic downturn, are once again working long hours to keep up with the new projects.

Residential Housing Also In Demand

The biotech boom is also partially responsible for a resurgence in demand for residential housing in and around Boston. That trend is also being sparked by empty nesters looking for smaller nests. It's not helping those in the suburbs who have been waiting for a recovery to sell their McMansions, but it's a boon for Boston real estate agents.

Residential demand is rising just as a number of new projects are moving forward. Many of the projects are mixed-use projects, such as the \$550 million Atlantic Wharf near South Station, a planned \$500 million addition to Copley Place and the 15-story Hayward Place in Downtown Crossing.

Boston's convention business is another bright spot. With strong bookings in 2012 and an uptick in tourist travel, those in the hospitality industry should benefit. Current demand will also provide support for plans to build a new mega-convention center, which is needed to attract the major shows that have passed on Boston until now.

Boston's ability to attract biotech companies is due in part to the city's status as a college town that attracts talented young adults from throughout the world, but Boston colleges are also contributing to further development of the city by expanding and upgrading their campuses.

In addition to the \$100 million Tata Hall it is building in Allston, Harvard University has announced plans to develop a 12-building Allston Landing North research complex. Berklee College of Music and The New England Conservatory of Music are also proceeding with major construction projects.

For now, other commercial development remains stagnant, but many projects are already permitted and waiting on the sidelines for the market to recover. When that happens, developers will be able to break ground quickly without being held up by the time-consuming permitting process.

All of this new development, but especially the Seaport Innovation District, will serve as a catalyst for other major projects in Boston over the next several years.

Given the construction being planned and the momentum it will create for the city, Boston will be a much more vibrant city 10 years from now than it is today. And because most of the construction is being built with private funds, the facelift that takes place will produce new tax revenues, boost the quality of life, create new jobs and require little in return from taxpayers.

The past few years have been difficult for the commercial real estate industry, but that will only make the business that's expected in 2012 that much sweeter.

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