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The right address combined with the right planning can help businesses flourish

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Location, location, location. Success in business not only depends on having the right product or service, but it also helps to have the right address. Take Cambridge for example.

Just as a retail shopping center looks for an "anchor" store to attract shoppers, clearly Cambridge has become the hub for biotech and life sciences in New England. New biotech construction is underway on eight separate sites. A total of 2 million s/f of space is being built or renovated, or is under review, and an additional 1.4 million s/f is committed. More is expected, but current projects alone account for approximately \$2 billion in new investment.

The point is, Cambridge is an example of why more startups should consider real estate as part of their business strategy. Some of the factors to consider include:

Talent

As the home of MIT and Harvard University, Cambridge has an impressive talent pool. It attracts the best and brightest students, who become the best and brightest employees for research and development. Given its presence, potential employees from other parts of the country—and the world—are also attracted to Cambridge.

This is why location can be a huge benefit to startup companies. Go where the resources are. Not only will top employees be more readily available, but startups will have access to a network of suppliers, as well as attorneys, accountants and other professionals, who understand their industry and can be leveraged to help their company grow.

Capital

Success begets success. Having a Cambridge address also helps biotech and life sciences companies attract venture capital and potential acquirers. The Massachusetts Life Sciences Center, established by the Massachusetts Legislature in 2008 with an investment of \$1 billion over 10 years, has played a key role in jumpstarting the industry. Other programs, such as MassChallenge, which connects entrepreneurs with the resources they need, are also helping.

In this case, proximity serves to create a community of like-minded people, entrepreneurs and investors, both looking to develop "the next big thing." The same energy that attracts talent, is also appealing to the angel investors and venture capital firms. It certainly helps to have an address that catches their eye and shows that a young company is already where the action is.

Room to Grow

Property owners in Cambridge know that biotech startups have little desire for traditional office space. Most need lab space and a clean room for product development. They meet demand by providing startups not only with the type of space they need, but with incentives such as triple net leases to keep rents low. Then, as companies grow, developers are prepared for their next business phase with additional space that meets their needs.

From a business standpoint, startup companies need to plan ahead, so their growth is not stifled by a lack of space. Companies need to determine if and when it makes sense to buy rather than lease. And if they choose to lease, they should negotiate terms that fit their needs.

The right address can put a startup on the map. With the right planning, it can work in the company's favor. Remember, real estate is a capital expenditure that can affect cash flow and it comes with contractual obligations that should be given careful consideration. Use location to your advantage, albeit wisely.

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