



# nerej

## **Leasing in New Haven's central business district continues to be active**

November 19, 2007 - Connecticut

In a move that is unlikely to surprise anyone, BioMed Realty Trust has unloaded 25 Science Park, the largely vacant 270,000 s/f lab and office building that has bedeviled investors hoping for a real estate boom spawned by the biotech industry in New Haven. The building was purchased in late September by Winstanley Enterprises, owner of 300 George St., the other large research facility in town, at a price of \$14.5 million.

BioMed, based in San Diego, acquired 25 Science Park earlier this year as part of a \$511 million portfolio deal with Lyme Properties, the biotech developer that was enormously successful in Cambridge, Mass., but was unable to duplicate that success in New Haven. BioMed declined to pick up Lyme's rights to redevelop the rest of Science Park and never showed any real interest in mounting a program to lease space there.

Winstanley, on the other hand, has developed and owned numerous properties in central Connecticut and has a friendly and productive relationship with Yale University, which provided a mortgage loan of \$13.275 million to finance the Science Park purchase. Yale has always seemed to be the logical eventual user for 25 Science Park and, for that matter, for the rest of the Science Park complex, containing a total of nearly 1.5 million s/f. Prospects for the university's large-scale involvement waned considerably, though, when Yale announced in June that it was buying the 137-acre Bayer Health Care campus in Orange and West Haven. That property includes about 500,000 s/f of laboratory space and an equal amount of office.

Carter Winstanley, who negotiated the company's purchase of 25 Science Park, said he expects that Yale will lease some of the building's vacant lab space. "We wouldn't have bought it if we didn't think we could turn it around," he said.

Coincidental with the sale of 25 Science Park, the building lost its largest tenant, Alexion Pharmaceuticals. Alexion will vacate about 30,000 s/f and consolidate operations in its Cheshire headquarters and in a manufacturing plant in Rhode Island. This brings vacancy in the New Haven building to 225,000 s/f, roughly one-third of all vacant office and lab space in New Haven.

Lest anyone think the biotech market in the city is dead, however, there is also news on the positive side of the ledger. Two companies in the bioscience field, Optherion and Cognate, leased space during the last quarter at 555 Long Wharf Dr., the office building on New Haven harbor that has lab space left over from its tenancy by Curagen (now greatly diminished and headquartered in Branford). Each of the two companies, both new to New Haven, leased about 8,000 s/f.

Leasing activity in the last three months has furthered the trend of strong occupancy in New Haven's Central Business District and in Class A buildings throughout the city, with vacancy concentrated in large Class B buildings outside the CBD. In this last category, vacancy stands at 29.2%, while the rest of the city's office space has availability of only 9%.

