

Who knew? Gotham a hotbed of biotech

Alexandria Center caps push into science.

By Amanda Fung , March 21, 2010

Link: [Who knew? Gotham a hotbed of biotech - Crain's New York Business](#)

When Bio-Signal Group Corp. moved into the SUNY Downstate Medical Center's advanced biotechnology incubator in Brooklyn seven years ago, it was a four-man shop with so little cash that it had to share a cramped 500-square-foot space with another firm.

Today, the company, which creates technology and devices to record brain waves, occupies 1,000 square feet at the incubator. Along the way, Bio-Signal has amassed nearly \$7 million in federal research grants, plus venture and angel funding.

“We are thriving here,” says André Fenton, president of Bio-Signal, who has tapped not only the city's academic institutions for resources but also its financial sector for cash and advice. “We have taken advantage of the city.”

Arctic cacti

Until recently, companies like Bio-Signal were about as common as cacti in the arctic. Despite an acknowledged wealth of academic and research facilities, New York City has long been faulted for an acute lack of the affordable laboratory and office space that fledgling biotech companies require.

A concerted effort by the city and private groups to address that shortage has yielded results in recent years. It began in June 2004 with the 24,000-square-foot Brooklyn incubator, which will double in size over the next 18 months. And in September that effort will yield its most visible and expensive product to date when the Alexandria Center for Life Sciences at New York City, originally called the East River Science Park, formally opens. With more space available, more startups are emerging—and even finding room to grow.

“There is a real sense that we have an industry cluster in the biotech sector now,” says Kathryn Wylde, president of the New York City Partnership, which has been instrumental in promoting the industry. “We see that growing exponentially with the opening of the [Alexandria] center.”

Quadrupled numbers

As of last year, the city boasted 120 early- to mid-stage companies focused on medical devices or biopharma, according to the city's Economic Development Corp. That is more than four times the number in 2002, according to the Center for an Urban Future, a think tank—although New York still lags leaders like Boston and the San Francisco Bay area.

About half of the New York firms are spun-out from Columbia University, a quarter from New York University and the rest from Albert Einstein, Mount Sinai and others.

“The city has made huge progress,” says Jonathan Bowles, director at the Center for an Urban Future. “People don't instantaneously rule out New York as they did a decade ago.”

The hope is that the Alexandria Center, which will offer research, office and lab space—and even a science hotel—will provide a big boost.

The city and state put close to \$40 million into construction of the center. The first tower of the planned 1.1 million-square-foot, three-building complex will have Eli Lilly subsidiary ImClone as its anchor tenant. ImClone's research staff will occupy more than 90,000 square feet. In addition to reasonable rents, tenants will also get several state tax breaks.

Leasing in the first building “has exceeded expectations,” says Joel Marcus, chief executive of Alexandria Real Estate Equities Inc., the project's developer. Other tenants will include a multibillion-dollar European biotech holding company and a cancer translational research firm.

Excitement is building

\$700M

PRIVATE FINANCING needed for Alexandria Center's construction

“Everyone is excited about the center,” says Orin Herskowitz, executive director of Columbia Technology Ventures, which focuses on the expansion of local entrepreneurship and small business development efforts. “It's a visible symbol of all the good going on in New York that it does not get credit for.”

Meanwhile, SUNY Downstate Medical Center's Biotech Brooklyn Army Terminal (BioBAT) facility will be expanding by 60,000 square feet. BioBAT provides a place for companies that outgrow the Downstate incubator. Unlike the incubator, it offers manufacturing space, according to Eva Cramer, president of BioBAT.

“So much space will come online that we won't have problems bringing companies here,” Ms. Cramer adds.

But other problems may be harder to solve. In a city where studio apartments can run to well over \$1 million, cost-of-living concerns put a damper on the supply of young engineers and scientists that startups desperately need. Mr. Fenton notes, for example, that all of Bio-Signal's employees come from outside of the city. Other startups have simply given up and moved to areas richer in needed talent.

Even the centerpiece of the city's efforts to nurture tech companies faces huge obstacles.

While the first building, which cost \$150 million to build, will open on schedule, the fate of the other two remains unknown. The city says the project requires a total of \$700 million in private financing.

Lenders are extremely unlikely to come up with the needed sums in this weak economy until the project establishes more of a track record.

“Until we are done stabilizing the first phase later this year, we wouldn't consider anything further,” says Mr. Marcus.