

Biotechnology Trends Report ***Mid-Year 2001 Update***

Metro Boston Soars as Global Hot Spot

Critical Mass in New England Attracts Bio-Pharma Giants and Nurtures Start-Ups

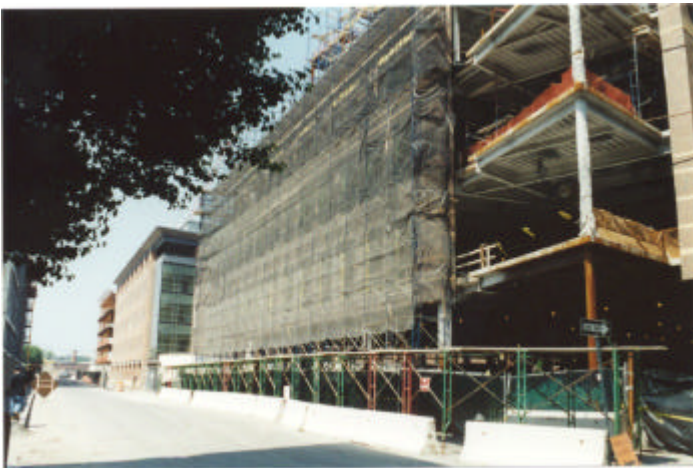
Fueled by demand from fast-growing biotech firms such as Millennium Pharmaceuticals, Inc., industry leaders such as Amgen and Biogen, and the arrival of more pharmaceutical industry giants such as Abbott Labs and AstraZeneca, office/lab and research facility projects continue to proliferate throughout New England. With completion of the Human Genome Map, the biotechnology industry is maturing rapidly. Testing capabilities are taking center stage as the ability to identify and fast-track promising drugs and therapies through clinical trials is likely to be the most profitable portion of the value creation chain in the new millennium. This maturation process is also prompting convergence between bio-



Rising next to the current HQ at 64 Sidney St. in Cambridge, 88 Sidney Street is an 145,275 sq.ft. build-to-suit office/lab project for Alkermes, Inc.

technology firms and pharmaceutical giants, with synergistic growth outpacing consolidation of overlapping operations.

University Park at M.I.T. is filling in very quickly as existing tenants commissioned several new buildings last year. According to SEC filings, net rents on the buildings currently under construction will likely be in the low- to mid-\$40s, which is up significantly from net rents in the high \$20s and mid-\$30s on some existing leases entered into several years ago. Forest City Enterprises and M.I.T. have done a masterful job of creating a vibrant biotechnology center out of an outdated industrial tract. Millennium Pharmaceuticals continues to be the dominant presence at University Park at M.I.T., having signed leases on two 200,000 sq. ft. build-to-suit projects last fall. Biotech firms are also poised to grab a larger share of nearby Technology Square, with Dyax Corp. rumored to be weighing leasing 60,000 sq.ft.



Millennium Pharmaceuticals' new 200,000 sq.ft. HQ under construction at 35 Landsdowne St. will boost its University Park at M.I.T. presence.

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Suburbs Grow in Popularity as Well

While Cambridge continues to strengthen as the hub of the universe for biotechnology firms, several firms have selected suburban sites that provide for a corporate campus ambiance at lower cost. Cubist Pharmaceuticals acquired 65 Hayden Avenue (and excess land) in Lexington last fall and is renovating the existing facility into 35,000 sq. ft. of lab space and 53,000 sq.ft. of office space. The purchase and improvements were financed by the issuance of \$39 million in convertible notes to John Hancock Life As-

office/lab building in Woburn (opened in November 1999) and an adjacent 5 acre lot for \$20.5 million near the end of 2000. The purchase was financed with a \$16 million mortgage loan.

On an M&A note, Illinois-based Abbott Laboratories acquired the pharmaceutical operations of BASF, which includes BASF Biotech Research in Worcester. Abbott Labs indicated that the world-class research capabilities of this center were among the attractions of this recent acquisition. Providence, RI and New Haven, CT are also seeing strong biotech demand.



R&D Magazine named AstraZeneca R&D Boston "Lab of the Year" for 2000. This limestone & glass clad research lab facility is in Waltham.



ArQule, Inc. exercised a purchase option on its new office/lab facility in Woburn near the end of last year, as well as on 5 adjacent acres of land.

urance Company. More recently, Munich-based GPC Biotech AG announced its relocation from 1 Kendall Square in Cambridge to a larger block of space at 610 Lincoln Street in Waltham. The asking rent differential for these two properties has been around \$12 per sq.ft.

Serono, Inc., the U.S. subsidiary of Switzerland-based Serono S.A., decided to remain in the south suburbs of Boston last year and is building a 105,000 sq.ft. lab facility in Hingham and an adjacent 80,000 sq.ft. office building in Rockland. In the north suburbs of Boston, ArQule, Inc., opted to purchase its strategically-located, new 128,000 sq.ft.

Biotechnology Trends Report is researched and authored by Daniel P. Guenther, Senior Vice President / Director of Research. Timely market insights are provided by NAI Hunneman office, R&D, and industrial property specialists. The views expressed are solely those of the author, however. While the data used is from sources deemed to be generally reliable, no warranty or representation is made as to the accuracy or completeness of the data nor as to its usefulness for any particular purpose. For additional information, please call Dan at (617) 457-3369 or send an e-mail to: dan_guenther@naihunneman.com.



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