Biotechnology Trends Report
Fall 2001 Update

Cambridge Biotech Cluster Expands

State-of-the-Art Office/Lab Space Remains in High Demand

Following an extraordinarily good year in 2000 for raising equity and debt funding, many biotechnology firms were well capitalized to finance new and/or expanded facilities this year. The result has been a busy year of construction activity even though stock market conditions have been less than favorable. Several new office/lab facilities have been completed or are well underway, with a few major new projects also ready to break ground.

A welcome addition to the massive biotech cluster near M.I.T. in East Cambridge is Amgen Inc. This California-based industry giant recently opened its new Cambridge Research Center in a company-owned, 285,000 sq. ft. mid-rise in Kendall Square. Amgen plans to initially use two floors and lease the remaining six floors to other firms. Base asking rents are reportedly around $42 to $50 per sq.ft., plus electric. Amgen expects to gradually expand its presence within the facility, aiming for 500 researchers there by 2006.

Amgen Inc.'s new Cambridge Research Center at 1 Kendall Square, Building 1000 adds 285,000 sq.ft. of office/lab space to East Cambridge.

(Wyeth) Genetics Institute's new state-of-the-art research facility near Alewife Station adds 215,000 sq. ft. of space in West Cambridge.

(Wyeth) Genetics Institute expanded its corporate enclave in West Cambridge this year with the completion of 200 Cambridgepark Drive, a 215,000 sq. ft. mid-rise office/lab building. Around 300 employees work in this state-of-the-art research facility, with 100 of those workers being new hires. The balance of the highly-skilled workforce came from other company sites in the area. In recent years, Genetics Institute also expanded the firm's 500,000 sq. ft. R&D and manufacturing campus along I-93 in Andover. As a subsidiary of American Home Products Corp., the financially-strong pharmaceutical and consumer health care products company, Genetics Institute is well positioned for continued growth.

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Earlier this year, the Massachusetts Institute of Technology (M.I.T.) closed on its purchase of Technology Square, which at the time consisted of three mid-rise office buildings (two having been recently renovated) and four new office buildings under construction. In aggregate, Technology Square will have nearly 1.2 million sq.ft. of office/lab space when the new buildings are completed. One of the new buildings is 300 Technology Square, which secured Dyax Corporation as a major tenant. According to SEC filings, Dyax Corporation will be leasing about 67,200 sq.ft. initially and 91,300 sq.ft. during years 6 through 10 of the lease. The scheduled rent is $54 per sq.ft. NNN for the first five years and $59 per sq.ft. NNN during the next five years. A generous contribution toward and partial financing of tenant improvements were provided by M.I.T. Dyax Corporation's premium-quality space is on the top floors of the mid-rise tower and includes part of the penthouse.

New owner M.I.T. secured Dyax Corporation as a major tenant for 300 Technology Square, a recently completed 175,000 sq.ft. mid-rise tower.

Lyme Properties has started work on two mid-rise office/lab buildings at a new mixed-use complex called Kendall Square to the southeast of Boston Properties Inc.'s Cambridge Center. A 12-story, 300,000 sq.ft. building will be the new headquarters of Genzyme Corporation, which will occupy 235,000 sq.ft. initally. Vertex Pharmaceuticals Inc. will occupy 260,000 sq.ft. of a 6-story, 275,000 sq.ft. structure. Both buildings are slated for completion in the spring of 2004.

Just to the east is 300 Third Street, a new 128,000 sq. ft. office/lab building. Palm Inc. is now offering its never-occupied 93,000 sq.ft. of space on the upper three floors for sublease and the remaining space is available for direct lease. Marketing efforts are now directed at both biotech and office space users.

Hoping to attract biotech or office tenants, Palm Inc. is curently offering its pristine space at newly-built 300 Third Street for sublease.

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