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Why Speed to Market is Critical for Biotech

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SAN DIEGO—Long **construction** windows after a tenant is signed rarely work, but the **life-sciences and biotech** sector feels it even more than most, **BN Builders’** principal **James Awford** tells GlobeSt.com. We spoke exclusively with Awford, whose firm has extensive experience in the **development** of life-sciences and biotech properties, about how owners of these properties are attracting tenants and why speed to market is crucial for these owners and tenants.

GlobeSt.com: How are owners of biotech space using their properties’ features and amenities to help tenants

attract and retain talent?

Awford: A lot of owners, especially in the biotech space, are providing a variety of amenities for their tenants. These are typically not 8-5 workers—they work multiple shifts and different hours. Plus, it’s a tri-generational staff that works in this environment—**Millennials, Gen-X** and **Baby Boomers**—so the **amenities** are key in attracting young and older talent. Some of the features we work on are inside and outside the buildings, i.e., high-end environments and a higher-level quality than you would typically see—cafés featuring sustainable, locally sourced products; fitness centers; better bathrooms; and lots of outdoor amenities including barbecues, TVs and lounge areas for employees to go and have a better quality of life.

GlobeSt.com: Why is “speed to market” so important in the development of these properties?

Awford: For us in biotech, speed to market is crucial. When a drug or medical device is approved, the manufacturer has a short time to live in that space before the next competitor comes up with the next shiny new object. These companies are traded on the stock exchange, and they have

shareholders to answer to, so they need to get the product to product development so they can then move to **manufacturing**. Once they get the approval, they want the **lab** built out immediately because every day it's not functioning as a lab, their competitors are getting that much closer.

For developers of biotech who are focused on attracting tenants to market, if they can convince clients to move into one of their spaces, they want them in there quickly. We've done work like this for clients like **Celgene, Gilead, Illumina**, etc. who want to get their people here as quickly as possible so as not to disrupt operations. When a lease is agreed upon, they need to get the lab space built to enable them to conduct research, and once that's done they can move into the manufacturing space.

We're working with Illumina, which is getting ready to build a 55,000-square-foot manufacturing space in UTC. Their approvals happened when they were in other facilities, and now they can do their manufacturing here in San Diego. Originally, this was going to be a three-story, \$27-million project, but it expanded in scope with the product's approval and is now going to be a seven-story, 300,000-square-foot project approaching \$55 million. Once a product gets approved, things move quickly, and then speed to market becomes a critical point for their business.

GlobeSt.com: Where are you seeing lab-space development heating up? It is just in the key biotech clusters or is it moving into other submarkets?

Awford: We are seeing the private biotech industry moving closer to public academia. Researchers are just as prominent in the universities as they are in the private biotech sector, and the gap is narrowing. The spaces are becoming more aligned, and the competition for researchers is not dissimilar between universities and private biotech companies.

Part of what draws them are the facilities' amenities. Often, certain lab space must be built as a condition of employment. Neuroscience needs the facility space to conduct research, which enables the school to get grants for that R&D, so they're committing to lab space and then speed to market. In order to get the researcher to that market, they are promised that the space will be built out in a few months. If they're working on a breakthrough and need further scientific staff to come in, they may require additional amenities in the space as they go into manufacturing.

Many universities are doing **land leases** to private companies in order to get biotech closer to university campuses. We've seen that with the **La Jolla Institute** and the **J. Craig Venter Institute** where private developers are building research facilities on university properties.

GlobeSt.com: We've heard about Downtown San Diego's East Village being targeted as a potential outpost for local universities. Is it possible there will be a biotech cluster in that submarket at some point?

Awford: Historically, a lot of the R&D has been in the **Torrey Pines** area, but there's no reason why it couldn't happen Downtown. It only takes someone to get the first opportunity there. The question is, are the Downtown locations ready? Do they have the environments that we're talking about to give people the quality of life, parking and ease of access to the facilities? It just takes one **developer** to plant that seed and move in that direction.

At **San Diego City College**, they have incubator space for small biotech firms. If one of them has a breakthrough, Downtown may be the next option. I'd love to see the biotech industry really influence Downtown—not just for infrastructure, but also the economic growth would really help East Village.

GlobeSt.com: What else should our readers know about lab-space development?

Awford: The fun thing is we get to see some really cool and innovative spaces for labs and research. Some of the facilities we're seeing are very creative, entrepreneurial, innovative, highly collaborative spaces, but are also very flexible and customizable. The spaces need to be adaptable enough to change for a whole new course. We're not building 40-year buildings, but those that are flexible and adaptable and enable change. In the old days, lab space had a 30-year-life and was outdated in 10 years. But now we structure lab configuration such that case work can move and change depending on the research needs; it's focused on collaboration and an interactive environment. Who knows where they'll be in the next 20 years?

http://www.globest.com/news/12_1141/sandiego/development/Why-Speed-to-Market-is-Critical-for-Biotech-359231-1.html