



Staying Home

Shire ramps up fast at an old Raytheon site.

By John W. McCurry

john.mccurry@conway.com

Sometimes the best solution is virtually in your backyard. What **Shire Human Genetic Therapies** discovered when it sought space to accommodate its manufacturing and research needs. The result was a move just down the road from its base in Cambridge, Mass., to a new campus in the redeveloped former headquarters of Raytheon Corp. in Lexington.

“From an economic incentive standpoint, Massachusetts has really stepped up their game, which is not historically typical.”

— *Pat Sacco, vice president, facilities and engineering operations, Shire Human Genetic Therapies*



Shire HGT is developing its new campus at the former Raytheon headquarters in Lexington, Mass.

Shire HGT, a business unit of Shire plc, is well into its US\$394-million development in Lexington Technology Park, occupying two buildings and most of a third, in addition to building a large manufacturing facility. Shire will be adding about 700 employees over the next five years to its base of about 675. When the new manufacturing facility is operational, it will make Shire's products targeting rare genetic diseases.

"We took the requirements for our programs and pipeline and our headcount to translate them into a master plan for space and manufacturing," says Pat Sacco, vice president, facilities and

engineering operations for Shire HGT. "In 2006, as Shire began to make investment for growth in this business unit, we needed to evaluate how we could accommodate that growth in terms of manufacturing demands. Initially we looked at those as two separate expansions, one for manufacturing and one for R&D. As we evaluated those options, we looked at them independently as we evaluated other regions beyond Massachusetts, either in Rhode Island or the Carolinas. We solicited proposals from states for incentives or other things such as utilities, infrastructure, land, or job training."

As the year-long site evaluation process ensued, Shire discovered something it had not anticipated finding: one site that would accommodate the entire expansion.



Shire is in the process of adding nearly 700 employees as it develops its manufacturing and R&D campus in Lexington, Mass.

"It began to become more attractive to us as we continued down that road," Sacco says. "It's just 15 miles [24 km.] from our current facilities in downtown Cambridge. It's also only eight miles [13 km.] from our existing manufacturing facility on the outskirts of Boston. The geographic location is very attractive. It's relatively close to downtown Boston, where a lot of the science for biotech resides. Retaining world-class scientists is very important to us. Regionally, there tend to be incubators

for those kinds of resources. The cost of operating the facilities in Lexington in terms of rent was more attractive than downtown Cambridge."

Sacco describes the erstwhile Raytheon site as mature with existing infrastructure and needing little development work.

"It gives us significant infrastructure advantages," says Jim Winiarski, senior director, facilities planning, real estate & capital project management for Shire HGT. "We now occupy 100 percent of three existing buildings, which were in relatively good shape. They were certainly sufficient to start from. That was a cost savings as opposed to starting from the ground up. The buildings are located in a way that lends [itself] to a good master plan for the site."

Shire's new 200,000-sq.-ft. (18,580-sq.-m.) manufacturing center is due to be up and running by

late 2010. By the end of this year the company will occupy the administration wing of the building, Winiarski says.

Sacco says the campus has space to accommodate manufacturing and office growth.

"Ultimately we will locate out of our downtown Cambridge space," he says. "We will be out of there in early 2012, and we are a good ways down the road with that transition."

Shire's second new building is in the design stage and will be about 190,000 sq. ft. (17,651 sq. m.). Sacco says Shire will pursue LEED certification for it. The environmental awareness is equaled by community awareness.

"One thing about this site – it happens to border a residential area," Sacco says. "There is some sensitivity you might not have elsewhere that has to be considered here when doing this type of development, so we spent a lot of time working with the community to show we are a responsible corporate citizen. When you look at the environmental impact of a large project, it ordinarily can have the kind of impact local communities may not want," Sacco says. "But biotech may not have the impact you expect from manufacturing. The water we put back in the system tends to be cleaner than when it comes in."

Sacco credits Massachusetts officials with doing what it took to keep the company in the state. The Commonwealth committed \$40.5 million in tax and non-tax incentives, including grants for public infrastructure, in addition to the approval by the town of Lexington and the Commonwealth of a Tax Increment Financing (TIF) agreement.

"From an economic incentive standpoint, Massachusetts has really stepped up their game, which is not historically typical," Sacco says. "When the state landed Bristol Myers Squibb at Fort Devens, that set the precedent. One of the things that Gov. Duval Patrick changed in terms of focus on business was not only the attraction of new projects, but more importantly retention, to try to prevent companies from leaving. They did a wonderful job with us, and it really made the decision fairly straightforward."

Lexington Technology Park may soon be growing even larger. Developer Patriot Partners proposes to build two more buildings totaling 380,000 sq. ft. (35,300 sq. m.) to attract "low-impact" life sciences companies. Patriot Partners plans to ask Lexington town officials for an increase in the floor area ratio (FAR), which is the ratio of the building area divided by the overall lot area, to accommodate the new buildings.

Boston

The economy of Massachusetts is faring better than most during this downturn due to growth in defense, healthcare, biomedical and medical device industries, according to NAI Global's 2009 Global Market Report. The financial, construction and wholesale trade sectors have felt the effects of this decelerating economy; however the recession in Massachusetts is expected to be less harsh than in the rest of the nation. The industrial market continues to be slow but steady, while the flex/R&D market is witnessing more activity as more high tech and biotech companies require research space. Vacancy and rental rates in the industrial market have not fluctuated much.

2008 Population	4,470,190
Employment Population	2,678,083
Median Household Income	\$68,046

	Effective Avg.	Vacancy
Bulk Warehouse	\$6.50	9.5%
Manufacturing	\$6.75	11%
High-Tech R&D	\$11.00	14%

Data comes from the NAI Global 2009 Global Market Report.