Biotech: Facility Shortage Stunts Industry Growth

Continued from page 1

industry veterans.

"The L.A. region has a lot of talent at its universities," said **Carolyn Hull**, vice president of industry development at the **Los Angeles County Economic Development Corp**. "The problem is physical space. They can't find enough laboratory space to meet their needs, at price points that work for them."

That's the market gap Glass and Kozloff want to exploit.

Most wet labs in the greater L.A. region rent bench space – a term for a certain, limited work area within a shared research facility –for between $20 and $30 a square foot. The two developers said they plan to charge companies looking for a full suite around $4 a square foot – a price competitive with similar space in other biotech hubs in San Diego and the Bay Area.

"It's an adaptive re-use project, using the original building to accommodate the 21st century biosciences lab facility," said Kozloff, managing partner for **Agora Partners** in West L.A. "We think it'll pencil out."

History Lesson

The L.A. area was poised to become a biotech powerhouse nearly four decades ago, with Thousand Oaks-based **Amgen Inc.** churning out biopharmaceuticals breakthroughs. But Amgen's relatively remote suburban location and a traditional, self-reliant corporate model led to few spin-off companies, according to the book "The Rise and Fall of Urban Economies: Lessons From San Francisco and Los Angeles," co-authored by **Michael Storper**, distinguished professor of regional and international development in the Urban Planning Department at **UCLA**.

In Northern California, meanwhile, **Genentec Inc.** took a different approach, fostering a regional network that worked closely with university campuses while filing hundreds of biotech-related patents, eventually spawning dozens of biotech firms throughout the Bay Area.

Talent – and fledgling companies that come with it – gravitated toward faster growing biotech networks in the Bay Area, and later to San Diego, where **UC San Diego** grew into a spur to the biotech industry there.

Governments, industry advocates, universities and biotech firms across Los Angeles County are now scrambling to catch up as the industry becomes a huge economic driver.

In 2013 the global biotech market was valued at $270 billion, USC President **C.L. Max Nikias** said in a June speech. By 2020, it's expected to exceed $600 billion, he said.

L.A.'s share of that market is middling, despite the size and educational resources the region offers. Biotech firms here drew just $153 million in global biotech venture capital last year, lagging far behind San Diego, which received $650 million, he said. L.A. is even further behind the Bay Area, which bagged $3 billion in biotech venture capital money despite generating half the 5,000 science graduates as L.A.-area schools.

Some industry insiders said the region's second-tier status is slowly changing, but there are hang-ups – such as wet lab and incubator space.

"We're not recognized as an industry hub – yet," said **Dina Lozofsky**, executive director of the L.A. office of San Diego-based **Biocom**, a bioscience industry advocacy group. "But we have almost 600 life sciences companies in L.A. County. … We are growing tremendously. But one of the struggles within the Los Angeles region is sizing up the demand for incubator lab space."

There are other efforts to address the wet lab space issue.

Cal State L.A. is in the process of building a $12 million L.A. Biospace Incubator

lab and wants to host as many as two dozen early-stage startup companies as part of an incubator on campus. The program will be paid for by county, federal and private funds and will be a boon for students and biotech entrepreneurs, officials said. The 20,000-square-foot facility, which has not established rental rates yet, is set to open in fall 2018.

"It's part of a larger L.A. County initiative … to build our biotech capacity, to build a bioscience ecosystem," said **Jose A. Gomez**, an executive vice president at Cal State L.A. and chairman of its new campus incubator. "The demand is great. There's a lack of available wet lab space."

RINGO H.W. CHIU/LABJ

Lab Work: Synova Life Science's John Chi at his rented lab space in Pasadena.

Building Blocks: Rendering of the new biotech incubator coming to Cal State L.A.

> **'We're not recognized as an industry hub – yet.'**
>
> DIANE LOZOFSKY, Biocom

Growing pains

Others, however, said recent growth in biotech incubators across the region may have oversaturated the market.

The **Pasadena Bio Collaborative Incubator** and **LabLaunch** in Monrovia have undergone recent expansions, while the **Los Angeles Biomedical Research Institute** at **Harbor-UCLA Medical Center** and the **California NanoSystems Institute** at UCLA have just thrown open their doors to nonacademic biotech start-ups.

There are now at least nine biotech incubator labs across Greater Los Angeles with a combined 75,000 square feet of wet lab space to house an estimated 50 early stage companies, according to the **Southern California Biomedical Council**.

"There is no shortage of lab space, at the very early stages," said **Ahmed Enany**, president and CEO of SoCalBio, another Los Angeles-based advocacy group. "But if the company grows, and they want 50,000 square feet, or 100,000 square feet, there's no space."

That was the problem **John Chi**, who launched his biotech company **Synova Life Sciences Inc**. three years ago

Chi hit a wall hunting for an appropriate lab to house the fledgling regenerative medicine company, which is developing a mobile device to harvest stem cells from human fat for orthopedics and employs two doctors and two business development and sales specialists. He was hoping to spend less than $1,000 a month for a lab with cell tissue incubators, microscopes and a refrigerator for storing media for cells and fat.

But he found that labs from Orange County up to Ventura County wanted up to $2,000 a month, while some wouldn't open their doors to a company with human tissue.

"It was frustrating," Chi said. "We couldn't get our experiments going. We looked for eight to nine months. Basically, nothing."

He eventually found a bench within in a small medical lab in Pasadena. Now he's first in line to lease a wet lab suite at the future Cal State L.A. incubator, but past experience left him jaded.

"In the Bay Area, there are biotech incubators. Also in San Diego," Chi said. "There's shared knowledge. Energy. We need a similar environment to help biotech bloom in Los Angeles. There would be a lot more start-ups in L.A. with more lab space."