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## Bucks group takes gamble on new life-sciences center

By Diane Mastrull  
 Inquirer Staff Writer

It doesn't take a chemistry degree to understand that Robert Loughery and his three partners are working with a scary concoction.

They are looking for tenants for their new commercial development - a life-sciences business center in Bristol Township, Bucks County - when demand for laboratories and other research-and-development space is on the decline and vacancies are on the rise.

"We do recognize the slowdown and the challenges of next year," said Loughery, a managing member of Doylestown-based Keystone Redevelopment Group L.L.C.

But then, that a local development group has ventured into a segment of the real estate market considered high-risk and dominated by sizable investment trusts says something about its stomach for adventure.

The project, valued at nearly \$30 million, also represents a significant investment in what the Rendell administration considers a viable growth sector for Pennsylvania's economy - biotechnology, pharmaceutical and other so-called advanced manufacturing and research.

"The life-sciences sector does have amazing growth opportunity," said Jamie Fulginiti, spokeswoman for the Pennsylvania Department of Community and Economic Development.

As of 2007, the most recent year for which data are available from the state, Pennsylvania had 1,751 life-sciences businesses providing 72,000 jobs.

Keystone's Bridge Business Center, a redevelopment project not expected to be fully built out until the middle of 2010, could add 500 jobs, according to Loughery.

Perched on 35 acres along the Delaware River on what used to be part of the Rohm & Haas complex, the Bridge consists of nearly 310,000 square feet of buildings - some dating to 1950 - that Keystone is converting into labs, office space and related manufacturing facilities. There is also room - and zoning - to build 60,000 square feet of new work space.

Two tenants have been secured so far for a total of 4,700 square feet - a chemistry lab, classroom and two offices for Bucks County Community College, which will offer three CHEM101 Chemistry A classes there beginning Jan. 21; and a technology company that does work for the defense industry, which plans to move in in February.

After that, leasing commitments could be few for much of the next year, said Mike Brown, who specializes in life-sciences real estate in the Philadelphia area for CB Richard Ellis, a brokerage firm.

Of the 13.5-million square feet of laboratory, research and life-sciences manufacturing space spread among 87 sites in Philadelphia and the seven surrounding counties in Pennsylvania and South Jersey, about 560,000 square feet - or 4.1 percent - is vacant, Brown said. That's up slightly from 460,000 square feet of vacancies in 2007.

On the demand side, the year-over-year drop-off has been dramatic. The market has recorded 70,000 square feet of leasing activity in 2008, compared with 245,000 square feet in 2007, Brown said.

Noting the funding squeeze the economy is having on the pharmaceutical, biotech and related businesses, Brown said he expected the demand for life-sciences space "to remain relatively soft through 2009."

But when the economy recovers, Brown added, Bridge will be "in a good position to capture business."

Given that its buildings are not Class A but Class B and "priced accordingly" - about \$16 per square foot - "they are a bargain," Brown said. In this region, suburban Class A renovated lab space goes for \$26 to \$32 a square foot; in the city, the price is closer to \$35 a square foot.



RON TARVER / Staff Photographer

Business partners Robert Loughery (left) and Gregory Ventresca in a lab renovated for Bucks County Community College, one of two tenants for the old Rohm & Haas complex.

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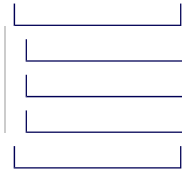
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Contributing to Keystone's ability to keep prices down is that it is essentially recycling the Rohm & Haas buildings, in many cases using the lab equipment and piping that remains - albeit with fresh coats of paint and upgraded hardware where the old stuff just would not do. Building laboratory space from scratch could cost \$300 to \$450 a square foot with land prices factored in, experts said.



The business center's location - just over the Burlington Bristol Bridge from New Jersey and a half-hour car ride from Center City via nearby I-95 - could also attract employees from a broad geographic area, Brown said.

The center also benefits from state Enterprise Zone and Innovation Zone designations, which qualify businesses that locate there for tax breaks and other incentives.

Keystone itself got public funding. It received nearly \$5 million in state grants because it aims to attract the kinds of jobs Pennsylvania wants more of and because the center is making use of existing buildings rather than building on green space, the DCED's Fulginiti said.

As another environmentally friendly gesture - and a way to keep utility expenses in check for tenants - Keystone has plans to incorporate a number of green-energy technologies in the complex, including a rooftop microturbine system to provide additional energy for laboratories and a geothermal farm.

Over the last 15 years, Loughery and the childhood friends who are now his partners have done their share of following the pack - converting industrial sites and other aging places into office parks and other commercial uses.

The goal with the Rohm & Haas site, Loughery said, was "to bring back the cutting-edge technology and research work that was done here before."

Among the sites destined for a new life is the shuttered Building 64. Totalling 125,000 square feet and built in 1950, according to Rohm & Haas estimates, it housed a variety of departments over the years - including medical offices, engineering offices, a machine shop, research labs and a library.

In the 1970s, James Gambino was a research process engineer at Rohm & Haas, where he worked on the development of Korad, a building laminate used on the exterior of steel structures. His work would frequently take him into Building 64, where he would find himself in awe.

"Back then it was a thriving place . . . a great place to learn about acrylic-based chemistry and to see some of the real leaders in the field who were developing those chemistries," said Gambino, who now heads alternative-energy strategy at the [Ben Franklin Technology Partners](#), a statewide network that tries to foster innovation to stimulate Pennsylvania's economic growth.

That Building 64 once again could be the center of invention, Gambino said, is "good for the region."

"Having good facilities that are reasonably priced are an important aspect of the success of a start-up company," Gambino said.

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