

# Despite Odds, Cities Race to Bet on Biotech

The New York Times – By Shaila Dewan  
June 10, 2009

KANNAPOLIS, N.C. — Where a textile mill once drove the economy of this blue-collar town northeast of Charlotte, an imposing neoclassical complex is rising, filled with fine art, Italian marble and multimillion-dollar laboratory equipment. Three buildings, one topped by a giant dome, form the beginnings of what has been nicknamed the Biopolis, a research campus dedicated to biotechnology.

At \$500 million and counting, the Biopolis, officially called the [North Carolina Research Campus](#), is a product of a national race to attract the biotechnology industry, a current grail of economic development.

Cities like Shreveport, La., and Huntsville, Ala., are also [gambling](#) millions in taxpayer dollars on if-we-build-it-they-will-come research parks and wet laboratories, which hold the promise of low-pollution workplaces and high salaries.

At a recent global biotech convention in Atlanta, 27 states, including Hawaii and Oklahoma, paid as much as \$100,000 each to entice companies on the exhibition floor. All this for a highly risky industry that has turned a profit only one year in the past four decades.

Skeptics cite two major problems with the race for biotech. First, the industry is highly concentrated in established epicenters like Boston, San Diego and San Francisco, which offer not just scientific talent but also executives who know how to steer drugs through the arduous approval process.

“Most of these states probably don’t stand much of a chance to develop a viable biotech industry,” said Gary P. Pisano, a Harvard Business School professor and the author of “Science Business: The Promise, the Reality and the Future of Biotech.”

“You can always get a few top people,” Mr. Pisano said, “but you need a lot of critical mass.”

Second, biotech is a relatively tiny industry with a lengthy product-development process, and even in its largest clusters offers only a fraction of the jobs of traditional manufacturing. In the United States, only 43 biotechnology companies employ more than 1,000 people, according to BioAbility, a consulting firm in the [Research Triangle Park](#) in North Carolina.

There is no guarantee that if a blockbuster drug materialized, it would be manufactured and marketed in the same place it was developed and tested.

Joseph Cortright, an economist who has studied biotechnology clusters, gave the example of a promising anti-leukemia compound developed at Oregon Health Sciences University in Portland, where Mr. Cortright is based. “The economic impact in the Portland area is zero because the rights to manufacture and market this drug were owned already by [Novartis](#),” Mr. Cortright said.

But the race continues.

The state of Florida and Palm Beach County used \$510 million as bait for a research institute that will employ 545 people (and, officials project, spur the creation of 46,000 more jobs over 15 years). New York City has invested more than \$45 million in bioscience infrastructure, and Kentucky matches federal research grants dollar for dollar.

Cities like Shreveport, where public and private money have built the [InterTech Science Park](#), remain steadfastly optimistic, though a biotechnology manufacturing center at the park was occupied for only six months in 2001 before the tenant went under.

The building remains an asset, said Dennis Lower, the park director. The private sector’s willingness to invest in it helped persuade the state to invest \$15 million in a second building. “Right now we have four companies that are interested in that building,” Mr. Lower said. “Three times in the last three years we have almost had a tenant in that building.”

Some economic development officials say the value of a biotech cluster cannot be calculated in dollars alone.

Larry Pelton, president of the Economic Development Council of St. Lucie County, Fla., said the millions that the state spent attracting the [Scripps Research Institute](#) to Palm Beach County started a chain reaction that brought a branch of the [Torrey Pines Institute for Molecular Studies](#) to Port St. Lucie.

The institute received state and local incentives worth \$32 million, plus a building and land. That helped St. Lucie County, which has grown quickly and needed more hospital beds, persuade Martin Memorial Health Systems to build a 300-bed hospital, Mr. Pelton said.

The county’s research institutes have also enhanced science and math education and spurred creation of a [charter school](#), he said.

To build a viable biotech cluster, some areas have expanded the traditional definition of the industry beyond [genetics](#) to [biofuels](#), agriculture, medical devices — even bioterrorism research.

A good strategy capitalizes on a city's existing strength, said Patrick Kelly, the vice president of state government relations for the [Biotechnology Industry Organization](#), whether it is the presence of the [Centers for Disease Control and Prevention](#) in Atlanta, a highly educated work force in Huntsville, or experience running clinical trials in the Research Triangle.

In Kannapolis, the focus is on food and [nutrition](#), not because of any expertise, but because of David H. Murdock, the health-obsessed billionaire who first envisioned the Biopolis.

To attract seven of the state's universities, including Duke and the [University of North Carolina](#), Mr. Murdock, a real estate developer and owner of the Dole Food Company, persuaded the state to invest almost \$30 million a year in rent and operating expenses. Local officials approved the sale of \$168 million in bonds to pay for infrastructure improvements around the 350-acre campus — up considerably from an original estimate of \$7 million, said John D. Day, the Cabarrus County manager.

Mr. Murdock says he has spent half a billion so far on buildings, recruiting scientists, and equipment that includes the most powerful nuclear magnetic resonance spectrometer in the United States, which can help to study molecules.

Though the buildings are still half-empty and construction is slower than anticipated, the campus has attracted senior scientists like Mary Ann Lila, who left the [University of Illinois](#) to head the [Plants for Human Health Institute](#), a [North Carolina State University](#) effort. Dr. Lila says she has had inquiries from scientists worldwide.

But some critics say the Biopolis is largely a real estate venture that can only increase the value of hundreds of additional acres Mr. Murdock owns in the area.

“It's a single large developer, with substantial deep pockets, with a very specific agenda that doesn't necessarily align with the interests of the state,” said Doug Baker, the chief executive officer of [Kryosphere](#), a Research Triangle company that stores biological specimens.

Mr. Baker, whose company is considering expanding to Kannapolis, said the Biopolis could end up as an attractive, saleable asset for Mr. Murdock at the expense of other biotechnology clusters across the state.

“It’s a very large mall,” Mr. Baker said. “I don’t see the organic qualities.”

*This article has been revised to reflect the following correction:*

***Correction: June 13, 2009***

*A caption with an article on Thursday about the biotechnology industry misidentified two people and omitted the name of another pictured at the Bio International Convention last month in Atlanta. The man on the left, who was not identified in the caption, was Clyde Higgs, who works in the biotech industry. Second from left was Michael A. Luther, who also works in biotech — not Mr. Higgs. Third from left was J. Keith Crisco, North Carolina’s secretary of commerce — not Mr. Luther. (Gov. Sonny Perdue of Georgia, on the right, was identified correctly.)*