

COMMERCIAL REAL ESTATE

HISTORIC
Armory building
comes to life

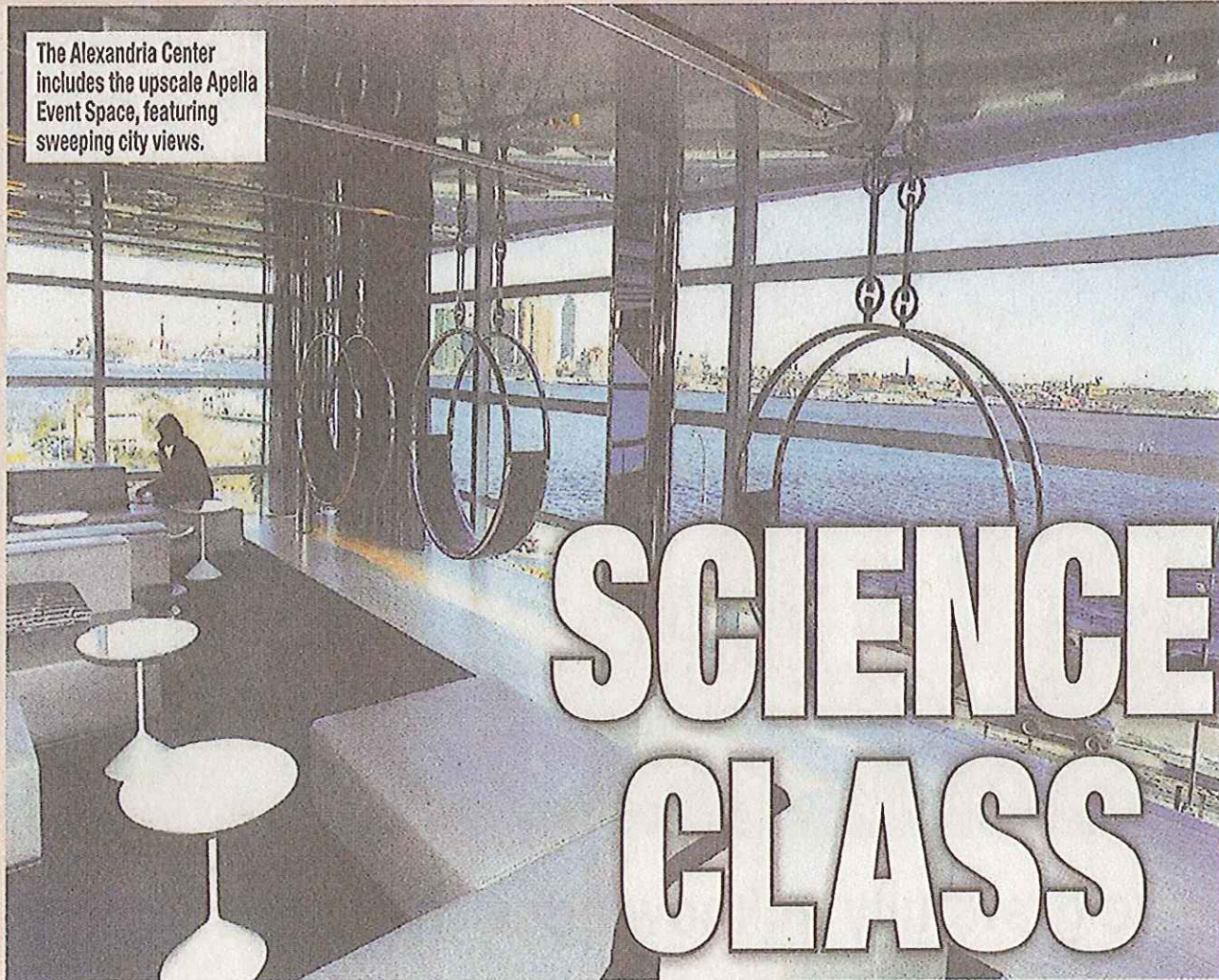
INSIDE



SKY HIGH
NEW PROJECTS
BEGIN RISING IN
THE CITY

EXCEEDED ITS
LIFE SPAN
TIME'S UP FOR THE
TAPPAN ZEE BRIDGE

The Alexandria Center includes the upscale Apella Event Space, featuring sweeping city views.



SCIENCE CLASS

Life-science facility beckons bio-techs to town

By STEVE CUOZZO

THE glass-wrapped Alexandria Center for Life Science-New York City on East 29th Street at the East River looks defiantly out of place sandwiched between hard-edged NYU Medical Center to the south and the Gothic-looking Bellevue to the north.

More importantly, the 310,000

square-foot tower, first of a planned trio to comprise 1.1 million square feet on a 3.5-acre site, brings something new to the city: a life-science facility specifically tailored to the commercial and scientific needs of pharmaceutical companies and firms in related fields.

The first building at 450 E. 29th St. is near-fully leased, with a mere 8,000 square feet remaining available, according to Joel

Marcus, the founder and CEO of developer Alexandria Real Estate Equities. Although Alexandria isn't a household name in New York, it's the nation's leading REIT focused on "cluster" development of cutting-edge facilities for the life-science industry, with projects in California, Massachusetts, New Jersey and suburban Washington, DC.

"We have over 13 million square feet operating," Marcus

said, noting that the company can build 13 million feet more on land it owns.

Tenants at Manhattan's Alexandria Center include Eli Lilly & Co., the largest user, which took 91,000 square feet for its subsidiary ImClone Systems, and Kadmon Pharmaceuticals and Firmenich. Marcus declined to discuss rents. The project

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ROOM WITH A VIEW

SCIENCE CLASS from Cover

was given birth through a public-private partnership. Driven by Mayor Bloomberg's push to lure the bio-tech industry to town, the city provided Alexandria with a 99-year ground lease "with low rent in the early years," Marcus said. In addition, the city and state spent \$40 million preparing the site for development. The Life Science building and the two yet to rise occupy land that was once an asbestos-laden Bellevue laundry facility and parking lot.

Alexandria started the first tower on spec in 2007, before the Lehman Bros. collapse. The Wall Street meltdown the following year threw a scare into the project, but it soon regained its footing.

However, the developer is proceeding more cautiously with the larger second tower, which will have 400,000 square feet.

The foundation has been laid and "it's ready to go vertical," Marcus said. But it won't rise until there's a significant pre-leasing commitment.

"It's a tough economy and the jobs picture is dismal," he acknowledged. "But if we got a good anchor tenant" — for perhaps half the

building — "we'd go."

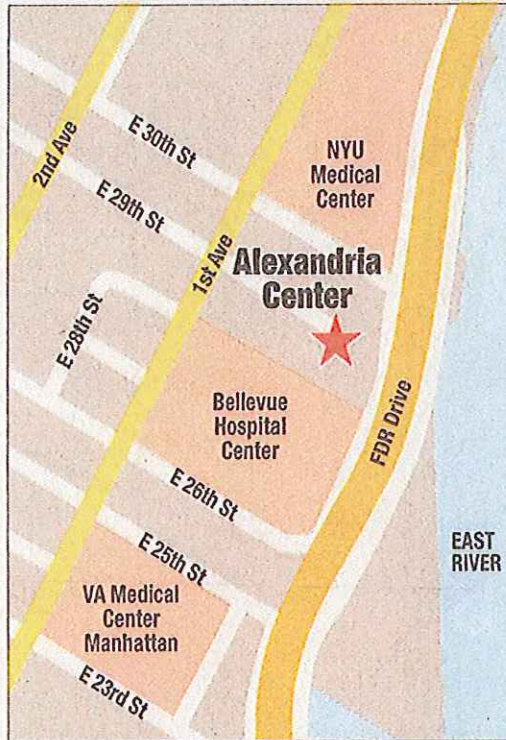
Although Cushman & Wakefield consulted on the first tower, Alexandria handles leasing in-house, owing to its understanding of the product's highly specialized features, which not even the most advanced office towers can claim.

While some new office projects boast 14-foot slab-to-slab floor heights, compared with 10 or 11 feet in older structures, the Alexandria has 16-foot heights to accommodate the unique infrastructure needs of laboratories.

"You also need certain floor-loading capacity and specialized water and ventilation systems," Marcus said.

The rarefied aspects of new life-science projects make them harder to bring out of the ground. While it's merely very difficult to get construction financing for an office building, it's altogether impossible for a large biotech facility.

For its first New York building, in the absence of construction lending, "We did it off our balance sheet," Marcus said. "We're a \$7 billion total market-capitalization company." He estimated the first tower's construction cost at about \$500 per square foot for the shell alone and more for specif-

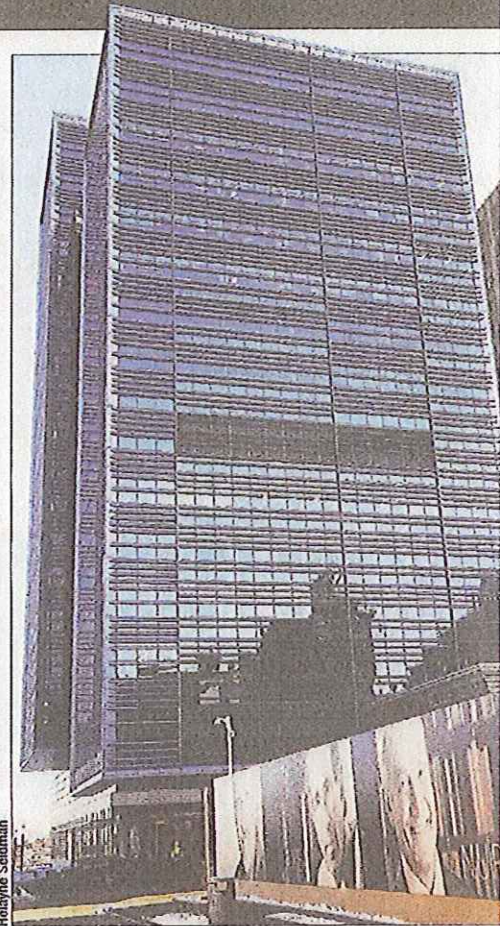


ic specialized floors. The total development cost for the three towers to be built eventually is estimated at \$700 million.

Companies are drawn to the site not only by the building's quality, but also by proximity to research-oriented medical centers

including NYU, and Rockefeller and Columbia universities. "The life-science industry is different" from most others, Marcus said. "People want to be in close proximity because science is very collaborative."

The Alexandria also boasts two major amenities



The Alexandria Center is built on a cleaned-up brownfield site. It adds significantly to the East River area.

that help offset a location somewhat removed from Manhattan's commercial core — the Apella Event Space (see below) and restaurant Riverpark, the latter operated by celebrity chef Tom Colicchio's company.

Both have a joint venture like arrangement in which Alexandria leases them the space and puts in the infrastructure. Apella and Riverpark run the respective spaces and Alexandria and the operators share profits.



The Apella Event Space features a meeting space with the latest in audio-visuals.

River views and state-of-the-art technology make the Apella Event Space appealing

THE Apella Event Space at the Alexandria Center is designed "for the world's greatest intellectual and creative minds" involved in life-science research. But the eye-popping, 16,000-square-foot second-floor space is just as suitable for the kinds of private celebrations New Yorkers increasingly like to host in lesser-known locations.

"Fifteen years ago, events had to be centrally located, but not any more," said Arthur F. Backal, CEO of Backal Management Group, which operates the new venue. "People go anywhere for the right space," he said.

And East 29th Street at the East River isn't really remote, but merely unexpected to those unfamiliar with it.

Like some other newly minted events facilities, Apella offers state-of-the-art technology for business gatherings — including advanced audiovisual capabilities,

wall-mounted Crestron controls and 114-inch HD rear-projection touch screen. Its 10 private rooms can accommodate up to 300 in a variety of set-up options.

But Apella also enjoys remarkable river views through panoramic windows and catering by Tom Colicchio's first-class Riverpark restaurant on the floor below.

Backal is a seasoned New York catering and restaurant executive who, among other gigs, oversees catered events at the Mandarin Oriental Hotel at Columbus Circle. Since launching Apella last October, he's seen an upturn in the city's high-end events business, which reeled after the Lehman Bros. collapse in 2008.

"We're doing very well," he said. "After we opened, we had to get people in to experience it and now we're exceeding expectations. More and more clients are hearing about it and coming here for both meetings and social events."

— Steve Cuzzo