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## Emerywhere you go, there's Wareham Development

**PROJECT CASE STUDY** ■ The five-story, 270,000 square foot EmeryStation East, opening in May, is the latest addition to the firm's 20-acre bio-oriented campus in the Bay Area



EmeryStation East will add 245,000 square feet to Wareham Development's bioscience-oriented EmeryStation development in Emeryville, Calif. The glass-clad lab building also includes a 22,000 square foot landscaped central plaza. Rendering courtesy of Wareham Development Inc.

By Joe Tougas

**R**ich Robbins looks back on his role in the beginning of Bay Area bioscience and offers another self-effacing laugh.

"You hang out long enough, people think you know what you're doing," he says in an interview with **Bioscience Real Estate Insights**<sup>TM</sup>.

Or, you head a development firm that's one of the first to have brought bioscience to the Bay Area, and you devise priorities so that your buildings

survive a decade or two of boom-and-bust cycles while recharging the economy in communities where you work.

No joke.

As president of Wareham Development Inc., Mr. Robbins is the type who's quick to laugh about his own success, yet eager to talk dead seriously about the cities, partners and businesses that have succeeded in proportion.

Wareham is the developer of EmeryStation in Emeryville, Calif.

EmeryStation is a 20-acre campus of architecturally vibrant office and lab space. The company owns the buildings and even the adjoining (and award-winning) Amtrak Intermodal station. The centerpiece of EmeryStation is a five-story, 270,000 square-foot building that hosts a number of biotech tenants.

In May, a new building – EmeryStation East – will open for business on the campus, offering another 245,000 square feet of space to the life and physical sciences and nanotechnology.

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It will open on spec, and negotiations are already underway with five possible tenants for much of the space.

There's more. Plenty more. A city planning commission recently approved more for EmeryStation – a combination transit center and seven-story laboratory research building covering about 250,000 square feet.

As Mr. Robbins tells it, this enterprise all began by giving some moonlighting college professors a place to do business on the cheap.

## Emeryville 1977

Even the Eagles were on to something with “Hotel California,” the blockbuster 1976 album that offered darker images tucked in songs of fast cash, fast lanes and fast declines in the Golden State.

By 1977, Emeryville, Calif., was becoming a collection of empty industrial properties.

Former companies seeking cheaper places to work left shells of themselves behind.

The result was a decline in jobs, a dwindling tax base and an increasingly blighted city.

This was the year that a University of Pennsylvania graduate named Rich Robbins formed Wareham Development, a Bay Area business that focused on rehabilitating old industrial buildings. It was a match that couldn't have been timed better with what was happening along the Bay.

The quiet roots of biotech were taking shape in the home labs of moonlighting academic researchers, who for years were working for pharmaceutical companies and eventually started getting ideas about going into business for themselves. Now, if they only could find some landlord to listen...

“In those days, there were very few engineering firms that provided expertise in build-outs for young, burgeoning companies like that,” Mr. Robbins says. “Since I was already in the corridor, doing restoration and rehab, I came to take the wrong left turn here and there and people would come to me.”

## EmeryStation Emeryville, Calif.

### EmeryStation I

- Use: Office / Laboratory / Retail
- Size: five stories, 270,000 square feet
- Completed: 1999
- Description: This structure is the centerpiece of the EmeryStation campus and was the first home of the California Institute for Regenerative Medicine.

### Amtrack Intermodal Station

- Use: Intermodal Transportation Center
- Size: 11,000 square feet
- Completed: 1994
- Description: This award-winning public/private project was the first newly constructed railroad station in California in more than 60 years.

### EmeryStation North

- Use: Office / Laboratory / Retail
- Size: 170,000 square feet
- Completed: 2001
- Description: This award-winning building echoes the look and feel of EmeryStation I with red brick facades in the style of 19th century train stations.

### Heritage Square

- Use: Office / Laboratory / Retail
- Size: 98,000 square feet
- Completed: 1980
- Description: An original feature of the campus from which the EmeryStation expansions evolved.

### EmeryStation East

- Use: Laboratory
- Size: 245,000 square feet
- Scheduled Completion: May 2007
- Description: Glass-clad laboratory building with a 22,000 square foot central landscaped plaza, fountains and sculptures, pedestrian walkways, and terraces.

## Personal relationships

“I come from a manufacturing family, and I was trying to save money for these people. In some cases I exchanged stocks with many of them over and over – primarily to make the deals work, but it ended up being very successful,” Mr. Robbins says. “But what really occurred was we were trying to get a way from these national engineering companies who made the costs so prohibitive for start-up.”

One of the first such companies that worked with Wareham was Chiron Corp., which grew to become the largest employer in Emeryville. At last measure, it employed 2,300 workers with an average wage of \$93,000 a year.



**Wareham Development is already seeking city approval for the next phase of the EmeryStation campus: EmeryStation Transit Center. The seven-story 250,000 square foot facility is slated to include lab space as well as a transit center.**

Rendering courtesy of Wareham Development Inc.

When Novartis AG (NYSE: NVS) bought Chiron last year, it was a \$1 billion company with 750,000 square feet of its own buildings, with more throughout Emeryville.

The company contributed \$1.8 million in property taxes and has the highest assessed property value of any Emeryville property at \$292 million.

Chiron alumni went on to create companies such as Onyx Pharmaceuticals Inc., Dynavax Technologies Corp. and Kosan Biosciences Inc.

And it all grew out of three old industrial buildings that Chiron occupied along with Cetus, two companies without a lot of money that needed some cheap space and a friend.

And Mr. Robbins marked much of his career in getting in close and personal with clients. The risks he took seemed minimal compared to the excitement of the times, he says.

“I was so young and stupid it didn’t matter. I loved the rehab and restoration,” he says.

“And although I wasn’t scientific, I always had great curiosity and at the time it was meaningful to me what they were doing and I’d meet some very inspirational people who are icons of the field today.

### **Up, down and stable**

Wareham remained stable through the ups and downs of the industry

by placing what seemed to be an inordinate amount of flexibility, strength and technical capacity in its buildings.

“One day you were higher than a kite with great success and the next day they’re out of money and then you have to find somebody else,” Mr. Robbins says.

“So we put a lot of weight into the infrastructure and the capacity of the buildings, the skeleton structurally, the mechanical, electrical and plumbing,” he says.

“It came to fruition during the dot-com boom, all these people demanding 22 or 14 watts per square foot, which was unheard of at the time. Now there are

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very few labs that we build that don't have that type of capacity."

It's an approach that has allowed Wareham to weather those hot and cold storms of the '80s and '90s, Mr. Robbins says.

"I'd love to tell you how brilliant we are, but in many respects I think the buildings, the facilities and the absolute commitment to excellence in the construction and the infrastructure has allowed us to weather those storms," as has a determination to keep a close eye on the businesses involved in the buildings, seeing them as partners – formally or otherwise – as opposed to merely tenants.

"We've been very flexible in working with our tenants in relationships where sometimes it's been enormously tense," Mr. Robbins says.

"Where you're believing the story, you're waiting on payment and trying to figure out some Solomon-like way to keep everybody happy, and it works out. In some cases it doesn't, and you try to do it as gentlemen and understand that science is not perfect.

"It goes back to reading management and believing management and trusting management. And some might be more married to that big hit in the stock market than others. It isn't hard to check out the science and it isn't hard to check out the management if you care enough to do that."

In all, about 300 life science companies have been tenants of Wareham, which has for years maintained an average of 150 to 200 lab tenants. More are on their way with the new EmeryStation East.

"We're blessed to be in a wonderful world out here," Mr. Robbins says. "It's not going to get less desirable and the demand is not going to diminish but rather incrementally increase."

### EmeryStation East

Wareham is opening in May EmeryStation East, a 245,000 square-foot building with life science, physical science and nanotechnology. It will include a 25,000 square foot park and vibration-proof flooring.

"It's state of the art," Mr. Robbins says, noting the public park six stories high, the fitness features, fine arts – "amenities galore."

"The number one challenge to these companies is employee retention. And this is drop-dead beautiful... and it's very important not to lose sight that people in this sector like to work with each other. For the most part, everybody's engaged with or involved with everyone else."

Mr. Robbins says Wareham is negotiating five leases for a total of 170,000 square feet, with one area of 30,000 square feet earmarked for incubation.

"We interested in keeping the incubation growing because you never know who's going to blow up."

### Confidence is high

Like other projects, EmeryStation East is speculative. Yet confidence in securing leases is high – as it has been for 29 years, Mr. Robbins says.

The key is quality construction, improvements and amenities. Wareham wants to create 300,000 square feet to 400,000 square feet every year.

Financing for these projects are mixed. Some money is borrowed, some projects are partnered with Prudential Real Estate – "it's been a great partnership," Mr. Robbins says – and some is done on their own.

The company is conservative in its financing, he adds.

"We're very speculative during construction and on the long term we're very conservative to what we put on permanently. Because we don't sell our buildings, so you have to be cognizant not to get stuck in a bad cycle. So we're very conservative in our financing. These buildings cost more than 400 bucks a foot to do if you're really putting in the right elements." □

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# WAREHAM DEVELOPMENT

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