# LIFE SCIENCE AND WHAT IT MEANS FOR MAINE CRE

**SASHA BOGDANOVICS | ASSOCIATE**

We've all heard the buzz around "life sciences" and the industry's anticipated growth in Maine. When the Roux Institute opened in late 2020, interest and speculation around what it would mean for Maine heightened, and judging by the numbers, there's been a real explosion in job growth. There are 484 life sciences companies in Maine, and employment in the industry has grown by 42% in the last five years. This growth is faster than in all other New England states and doesn't seem to be slowing down. The industry contributes $2.2 billion to Maine's total GDP and continues to create more jobs as it helps to reshape our economy. If this trend continues, what will it look like for Greater Portland and the commercial real estate community?

Before diving into what the continued expansion of life sciences could mean for Maine CRE, we should address what the life sciences really are, as the term is being thrown around as a catch-all when describing the future of Maine's economy and job market. The life sciences broadly cover businesses that focus on research, development, and manufacturing of products that improve the lives of any living thing. As it pertains to commercial real estate: knowledge workers need office space, R&D specialists need lab space, and biomanufacturers need large industrial facilities. So which can we actually expect to be a boon to Greater Portland?

When it comes to office space for knowledge workers, Portland and the suburban markets have a lot going for them. The infrastructure exists, office rents are cheaper than in large metropolitan areas like Boston and Cambridge, and the quality of life here in Maine is very attractive to employees, as evidenced by Maine being ranked the #1 inbound move destination by a 2021 Atlas Van Lines migrations pattern study.

Portland is also extremely well-positioned for companies looking to open an office with a hybrid work style with short commute times to downtown from surrounding communities. In addition, the drive to the life sciences hub of Boston/Cambridge is under two hours for companies that may want to have a footprint in both cities, with collaborating teams in each. While we're all aware that the office market is relatively soft compared to other CRE markets in the wake of COVID and hybrid work models, Greater Portland's market has remained a little more resilient, and continued growth in life science companies could eventually help to offset some of the increased vacancies.

When it comes to R&D and biomanufacturing locations, the biggest drawback to Maine is a lack of existing talent. As local entrepreneur, Jean Hoffman mentioned in our recent discussion on the topic, "Biotech and pharmaceutical manufacturing requires specially skilled people with experience complying with U.S. Food and Drug Administration requirements. The best places to manufacture are places that have these people." The bad news? According to Jean, Maine doesn't have a lot of these skilled workers, and having proximity to a center of intellectual activity such as Boston/Cambridge doesn't necessarily help, given these jobs don't lend themselves to a hybrid work style. The good news? Maine does have some qualities that might attract businesses opening large biomanufacturing facilities. For instance, according to USA Today, Maine is cheaper than all other New England states and offers an abundance of opportunities.

Maine's lack of high-level talent is typically the hurdle that start-ups and young companies run into while scaling up: there simply aren't enough experienced candidates. But now, with the Roux Institute at the helm, we are in a period of transition, and many believe this will change. Currently, while Maine is an objectively idyllic place to live, moving here for a job poses a risk to employees because they must consider what will happen if the job doesn't work out. They need to know they have options. Otherwise, they could be stuck.

As Portland grows into a center for life sciences, it will increase the desirability of the area for other companies and for talent, creating a compound effect. Each new business that moves to Portland makes it more feasible for future talent to come. As businesses start to call Maine home, we can predict a further influx of life sciences movers and shakers, and there is at least the potential that this could lead to an increase in biomanufacturing companies starting up in or moving to Maine.

The Roux Institute is doing an excellent job attracting knowledge

workers to the area. Their future campus at the former B&M Baked Bean site will bring speakers, educators, students, researchers, entrepreneurs, and more to Portland, creating opportunities for new connections and sparking ideas. Ideally, students will attend the university and stay on to fill an existing life sciences job or start a related business. At the same time, as the labor pool continues to grow through this feeder system, more companies will view Portland as a viable location for an office, a branch of their knowledge-based operations, or even an HQ.

This hope is starting to become a reality. Last year's Techstars Accelerator program of 10 start-up companies ended with three businesses deciding to permanently stay in Maine – not an amazing hit rate, but it's a start. In the words of Quincy Hentzel, president of the Portland Regional Chamber of Commerce, "The Roux Institute is a magnet, and they are attracting exceptional talent. We need to keep them here."

The institute is also helping Maine workers keep up with trends. As Jean Hoffman states, "The Roux Institute is going to be crucial in training people in the important digital skills of the future. All life sciences are becoming increasingly integrated with digital skills. It is a very important effort." The success of the Boston/ Cambridge area—Ground Zero for the life sciences—is attributed to the many nearby universities, allowing for an endless stream of scientists and thinkers. The more educational facilities we can bring to the area, the better to bring the dream of a Maine-based life science hub to reality.

In 2019, USA Today noted that Maine has the most affordable land in New England, and there's lots of it— it's almost as large as all of the other New England states combined. With an inexpensive workforce—30%—50% lower than the national average wage, and an abundance of affordable land and resources, Maine offers life science companies enticing value.

SOURCE:
Biome.com
USA Today, 2019 (https://www.usatoday.com/story/money/2019/05/08/the-most-and-least-valuable-states/39442329/)


ABOVE: *Some of the Bioscience companies in Maine Source: Biomaine.org*

## NEW ENGLAND LAND COST PER ACRE

**SOURCE: USA TODAY, 2019**

| STATE | COST/ACRE |
|---|---|
| Maine | $6,142 |
| Vermont | $7,439 |
| New Hampshire | $19,840 |
| Massachusetts | $102,214 |
| Connecticut | $128,824 |
| Rhode Island | $133,730 |

PHOTO: *Louis Reed, Unsplash*