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Spaces and Places: PDL BioPharma will move into Redwood City campus

By Katherine Conrad
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Fremont's loss is Redwood City's gain as PDL BioPharma is packing up and moving to the Peninsula.

Its new digs offer employees everything from baseball diamonds to game rooms -- even a spa. Have the go-go days, when employees got massages at their desks and dry cleaning delivered to their offices, returned?

"Amenities matter," said Phil Mahoney, a broker with Cornish & Carey, who represented Jay Paul Co. in its effort to lure the biotech firm across the bridge to a waterfront park in Redwood City. "It is increasingly tough to hire good people -- not just engineers, everybody. Companies want a competitive advantage in the labor pool recruiting wars."

It looks as though they got it in Pacific Shores Center; and landlord Jay Paul scored, too. The San Francisco firm snagged what Cornish & Carey called the biggest lease this year in the Bay Area.

PDL signed up for 447,000 square feet in Pacific Shores Center, a 1.7 million-square-foot campus built across 100 acres. The value of the 15-year lease was not released, but the asking rate for the class A waterfront park is \$1.75 a square foot, putting the transaction price in the range of \$140.8 million. Plus, about a third of the space will be converted to labs for research and development of the company's drugs for about \$300 a square foot.

Cornish & Carey broker Kevin Manning, who represented PDL along with brokers Jay Phillips, Jay Belquist and Mike Brand, said he has worked with PDL for more than a year searching for a suitable site. PDL, aware that its 500-plus workforce would expand and overflow the five buildings it occupied in Fremont, began looking two years ago.

"They outgrew Fremont, where they had about 250,000 square feet," Manning said. "We spent a lot of effort looking on the Fremont side of the bay, but there wasn't anything.

"We looked at more than 25 properties -- most of them were dirt."

Sun Microsystems, which decided in May to sell its Newark campus, hadn't yet made the decision public when PDL was scouring the East Bay. BioMed Realty Trust of San Diego bought Sun's real estate in June and plans to turn it into a life sciences hub for biotech and pharmaceutical companies.

Manning said that while PDL may have considered Newark, the firm was very attracted to the Redwood City campus. PDL joins DreamWorks Animation, Symantec, OpenWave Systems and Threshold Pharmaceuticals at the campus.

\$\$\$ FOR SANTA CLARA: Some places like to get a three-star rating, but an upgrade to three-dollar-sign ranking isn't what Santa Clara wanted to see.

The city got three dollar signs on Kosmont Cos.' annual "Cost of Doing Business" survey.

"Oh, that's not good," said Ron Garratt, Santa Clara's assistant city manager. "Last year we were two. We're back in the pack."

The "pack" he referred to is the South Bay cities that earned three dollar signs, including Cupertino, Campbell, Mountain View, Los Gatos, San Mateo, Sunnyvale and Menlo Park.

For 12 years, Kosmont has collected data from cities on the costs of sewage, water, parks, building permits, etc. Four years ago, the Rose Institute at Claremont McKenna College joined Kosmont to compile the data and assign dollar signs, much like restaurant reviews, to show how pricey it is to do business in a particular locale. According to the company, businesses and real estate developers use the survey to decide where to locate a project or company. Cities, on the

other hand, use it to compete with each other.

In the 2006 survey released last week, the firm claims that California cities are in better fiscal shape, but business costs remain high. Santa Clara can cop to raising some fees.

``We're the lowest in the ABAG (Association of Bay Area Government) survey," Garratt said. ``But our efforts to bring development fees closer to the actual costs pushed us to the next level."

Santa Clara still has a plum to offer companies: The city built and operates its own power plant -- a claim very few cities can make.

``We have never used direct cash subsidy for a company. That's against council policy," Garratt said. ``But we can negotiate electric rates."

At least Santa Clara can take heart that it's not four dollar signs like its neighbors to the south, San Jose and Gilroy, and to the north, Palo Alto and Redwood City. And it's not even close to the five-dollar-sign cities of San Francisco, Berkeley, Oakland and Richmond.

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