

Alnylam expected to ink Cambridge lease deal

Deal would put firm in hot biotech area

By Jeffrey Krasner, Globe Staff, 9/24/2003

Alnylam Pharmaceuticals Inc., a hot Cambridge biotechnology company, is expected to sign a lease to take up to 45,000 square feet in an East Cambridge office building that has been largely vacant since it was completed in 2001.

The deal, which could be finalized today, would be one of the biggest in Cambridge this year, and would give Alnylam a strong presence at the epicenter of Boston's biotechnology industry, a golden triangle bound by MIT, Harvard, and the Charles River. The firm's new headquarters, at 300 Third St., will be a short distance from Genzyme Corp.'s new headquarters.

"We're excited about being in Cambridge, for starters," said John Conley, Alnylam's chief financial officer, "but in this location, we'll have an unparalleled ability to network and hire and make connections."

In addition, with commercial real estate suffering, Conley said he got a good deal, though he and the landlord declined to disclose details.

Beal Cos. of Boston developed the 128,000-square-foot building with Cornerstone Realty Advisers of Hartford. Palm Inc., a California maker of hand-held computers, leased about 92,000 square feet in the building before it was completed in 2001. But Palm's expansion plans didn't pan out, so it didn't fully occupy its space and started efforts to sublease before the building was finished. In recent months, privately held Alnylam has become one of Boston's hot biotech companies. The company was founded last year by A-list scientists including Phillip Sharp of the Massachusetts Institute of Technology, a cofounder of Biogen Inc., and Paul Schimmel, the founder of Alkermes Inc., Repligen Corp., and Cubist Pharmaceuticals Inc. Alnylam has raised about \$43 million. In addition, the company this month entered into a drug discovery collaboration with Merck & Co., but neither company would say how much Alnylam would receive.

Alnylam is developing drugs using RNA interference, or RNAi, a therapeutic approach emerging as a new industry buzzword. The technology seeks to block the production of proteins that play a role in disease. It would interfere with RNA, a chemical that acts as a messenger and transports a gene's instructions to the cell's protein-making machinery.

According to parties involved in the real estate negotiation, the deal was complex, in part because the building had been developed as office space, and someone needed to pay to retrofit it for use as laboratory space.

"Alnylam fell in love with the location, but we had to be convinced that the building could be converted to lab space," said Roy L. Hirshland, the president and chief executive of T3 Realty Advisors, a Waltham firm that

represented Alnylam. A letter of intent was signed in June, and the lease is expected to be signed today.

Michael Manzo, senior vice president of Beal Cos., said he couldn't comment because the lease hadn't been executed. "The parties are close, but we're not there yet," he said.

Brokers familiar with the Cambridge lab market estimated the cost of the lease at between \$35 and \$45 a square foot. Alnylam also pays for utilities, taxes, and maintenance. Before the dot-com crash in 2000, such space was leasing for more than \$50 a foot.

The lease would be one of the largest in Cambridge in the past year, according to Spaulding & Slye Colliers, a Boston real estate firm. Among life science firms, the only new leases that are bigger include Novartis Pharma AG's deals to locate its worldwide research headquarters at MIT's Technology Square and the Necco building, and Infinity Pharmaceuticals' new lab at 770 Memorial Drive.

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